

London 1,000 Paris 1,000 Rome 1,000
 Frankfurt 1,000 Zurich 1,000
 Hong Kong 1,000 Singapore 1,000
 The Hague 1,000 Marseille 1,000
 New York 1,000 Tokyo 1,000

UN Escorts 300 Women And Children From Sarajevo

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — The United Nations escorted more than 300 mothers and children safely out of Sarajevo on Wednesday after the Bosnian capital's warring factions gave their blessing for the first time, to an exodus of civilians.

Wrenching themselves away from their relatives in emotional farewells in a parking lot, the women and children boarded the buses and drove away from four months of bitter warfare pitting Serbs against Muslims and Croats.

Two UN armored personnel carriers, one ahead and one behind, escorted them safely up to the last Serbian checkpoint in the suburb of Ilidza, near the airport.

The good news, however, was overshadowed by a UN warning that Serbian forces planned to drive as many as 28,000 Bosnians, most of them Muslims, out of their homes into Croatia in a campaign against non-Serbs known as "ethnic cleansing."

More than 20,000 people are stranded at the border of Bosnia and Croatia, and thousands more are trapped in the south, according to the UN High Commissioner for Refugees.

"What is going on in these areas is something beyond your imagination," said a spokesman, Peter Kessler, in the Croatian capital. "It simply appears from the situation that it might be too late."

The refugee office said it was doing all in its power to prevent Serbs from evicting the mainly Muslim inhabitants. It said it would bolster its presence in border areas in an attempt to rein in the Serbs and persuade frightened Bosnians not to go across the border.

A refugee office spokeswoman, Sylvana Foa, said the United Nations planned instead to send a convoy of food, medicine, and observers to Banja Luka to try to persuade residents to stay put.

Miss Foa said although the refugee office was prepared to help individuals if they genuinely wanted to leave, the agency would not take part in a mass evacuation that served Serbian goals of carving out "ethnically pure" areas.

She asserted that the inhabitants were not leaving voluntarily, as the Serbs asserted.

"This is systematic terrorization of these people," she said, adding that vigilantes were going into Muslim villages, shooting a few people and destroying a few homes and then asking the women in their husbands' absence to sign over their property and leave.

The leadership of the Bosnian Serbs could not be reached for comment. Its official press agency, SRNA, merely said it had contacted the United Nations in Sarajevo but had obtained no information about any forced exodus.

Each of the three ethnic groups fighting in Bosnia-Herzegovina has tried to carve out territory excluding the other two. But the Serbs, who control two-thirds of the former Yugoslav republic's land, have received the loudest international condemnation for "ethnic cleansing."

Even the evacuation on Wednesday of women and children from Sarajevo, coordinated by the Children's Embassy, a local charity, aroused suspicions among some Bosnians, who fear the departure of civilians

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A child waving a final good-bye to Sarajevo on Wednesday from the window of a relief bus headed toward Croatia.

U.S., Canada and Mexico Redefine Competition With Free-Trade Accord

By Stuart Auerbach
Washington Post Service

WASHINGTON — The United States, Canada and Mexico on Wednesday concluded a continent-wide free trade agreement, creating the largest and richest trading bloc in the world designed to make North American companies more competitive against potential rival blocs in Asia and Europe.

Just hours after the agreement was reached, President George Bush trumpeted it as "the beginning of a new era" for North American economic cooperation that would "create jobs and generate growth in all three countries."

The agreement, which must be approved by the U.S. Congress and the legislatures of Canada and Mexico, will span a territory stretching from the Yukon to the Yucatan, covering some 360 million people and an economy of \$6 trillion.

Under the pact, known as the North American Free Trade Agreement, tariffs and other barriers to the movement of goods, services and money among the United States and its neighbors to the north and south will be erased over the next 15 years.

The government of President Carlos Salinas de Gortari is banking on the pact to lift Mexico from Third World status and make it an economic force in the world, while Canada joined the talks late to try and improve on a three-year-old free-trade pact with the United States.

Sounding themes that are certain to be a part of his reelection campaign, Mr. Bush said that open markets in Canada and Mexico mean more and higher-paying American jobs, "the kind that our nation needs

to grow and prosper, the kind that showcase American talent and technology."

Challenges from the Democrats started immediately.

Providing a taste of the bruising partisan ratification battle to come, Representative Richard A. Gephardt of Missouri, the House Democratic leader, and Senator Max Baucus, Democrat of Montana, said the agreement needed to be renegotiated because it failed to adequately provide environmental protection and failed to help American workers who would be thrown out of work because of the pact.

The chairman of the Senate Finance Committee, Senator Lloyd Bentsen, Democrat of Texas, whose continued support for the trade pact is critical to its congressional ratification, also expressed concerns about the attention it pays to worker retraining, environmental protection and improved roads, bridges and sewer systems along the U.S.-Mexican border.

While U.S. manufacturing industries and service providers across the board hailed the agreement as good for them and for the U.S. economy, organized labor attacked the pact, saying it would increase the movement of high-paying manufacturing jobs to Mexico, where wages are far lower.

U.S. automobile makers, computer companies, banks and investment companies, which faced complete bans or other restrictions on activities in Mexico, could be big winners.

Trade Minister Michael Wilson of Canada said the treaty would be a "win-win-win" situation for the three nations. In a Washington press briefing, Mr. Wilson pitched the agreement to Canadians, the majority of whom have expressed qualms about it.

"Canadians should be confident that this agreement

See TRADE, Page 11

Mexico Export Boon Expected, With South Asia a Slight Loser

By Carl Gewirtz
International Herald Tribune

PARIS — The immediate effect of the North American Free Trade Agreement is expected to be minor, analysts said Wednesday, with Mexico likely to boost its exports to its new free-trade partners by about \$2 billion a year over the next three years and outsiders, mainly in South and Southeast Asia, likely to lose North American export sales of only \$500 million.

The difference between the size of Mexico's gain and Asia's loss, said Alexander Yeats, the World Bank's international trade analyst, arises from the estimate that the trade agreement will primarily create new opportunities for doing business rather than displacing existing trading arrangements.

Existing tariffs on Mexican goods are set to wither over the next 15 years, spreading out the effect on other countries. Although the long-term impact on outside countries is expected to be significantly larger, Mr. Yeats said it was impossible to calculate just how big these potential costs are likely to be.

With exports from South Asia valued at about \$346 billion a year, the immediate cost to the region is minor.

This is not to say that the trade pact will not have a dramatic effect, at least over the long term, on the rest of the world.

Western Europe's direct trade with North America is expected to be little affected, as its exports are high-value-added products which are not made in Mexico. But taking a longer-term view, there is a great potential for European and Asian businessmen to divert future investment in new plant and equipment to Mexico.

"How large these investments are likely to be cannot be projected," Mr. Yeats said.

The aim would be to use Mexico's low production costs as a cheap gateway for duty-free entry into the United States and Canada. However, such plants will have to meet regulations on the amount of value added. The United States, for example, is disputing whether auto parts of a Honda assembly plant in Ontario contain enough Canadian input to qualify for duty-free sale.

The other important aspect of the trade pact, equally impossible to measure, is the impact it will have on the world trading system especially if, over time, other

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In Bosnia's 2d City, Terror of 'Ethnic Cleansing'

By Peter Maass
Washington Post Service

BANJA LUKA, Bosnia-Herzegovina — This is a city of daytime arrests, midnight beatings and round-the-clock terror.

Serbs drive through town, some wearing black leather masks and gloves, firing automatic rifles into the air, shouting Serbian nationalist slogans. Serbian military jets fly low over the city, close enough to rattle windows, and helicopters clatter over the roofs.

There is a 10 P.M. curfew, but only the intoxicated or the well-armed willingly venture outside once darkness falls. For the city's Muslims and Croats, even daytime is horrifying.

Banja Luka is the second-largest city in

Bosnia-Herzegovina, a once-pleasant town of about 110,000 Serbs and 75,000 Muslims and Croats. But, like other towns of northern Bosnia, the Serb militia and local authorities are forcing the Muslims and Croats to flee.

In recent days, world attention has focused on camps where Serbs hold Croats and Muslims, forcing the Serbs to show restraint. But in cities like Banja Luka, the expulsion of Muslims and Croats has accelerated.

In big cities, the Muslims and the Croats are not being marched out at gunpoint, although people say that what Serbs have done in more isolated villages.

Enough terror has been generated in Banja Luka through physical and psychological violence that about a third of its Muslims and Croats have fled, and most of those left behind are desperately searching for assurances of safe passage past the many roadblocks.

Besides the gunfire and the sound of weapons, much of what intimidates the Muslims and Croats is visible on all sides — buildings daubed with Serbian slogans and symbols. The radio replays speeches warning of threats from "fascist" Croats and "fundamentalist" Muslims.

In one reflection of the Muslims' and Croats' desperation, they have papered trees with offers to trade their apartments here for something in other cities — including besieged Sarajevo.

According to relief officials and local

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WOULD-BE KINGS — Gerald Rivera, the talk-show host, hidden among Elvis Presley impersonators at the New York taping of a show about the 15th anniversary of the singer's death. Mr. Presley died on Aug. 16, 1977.

Index	Point	% Change
Dow Jones	10,277	0.27%
Trib Index	3,320.83	0.27%

Currency	Value	% Change
New York Dollar	1.4632	1.4625
DM	1.9305	1.928
Pound	127.90	127.97
Yen	4.959	4.9585

Evidence Erased in Boipatong Case

VEREENIGING, South Africa (WP) — A South African police sergeant testified Wednesday that she accidentally erased 13 hours of tape recordings of radio calls among riot policemen the night of the June 17 massacre in the black township of Boipatong, in which 43 people were killed.

The recordings had been regarded as vital evidence in an investigation into allegations of police complicity in the massacre. The killings caused a wave of

Military Cutbacks Are Putting Brake On U.S. Recovery

By Louis Uchitelle
New York Times Service

NEW YORK — Not since the 1950s has the United States recovered from a recession while military spending was falling sharply. But now that the Cold War is over, it is struggling to do just that, and finding it difficult.

Although economic critics of military spending have long argued that the money and manpower could be better employed in the civilian sector, virtually no one questions that military spending has served as a powerful source of economic demand.

"There has not been a time when a rise in defense spending would mean more for the economy than

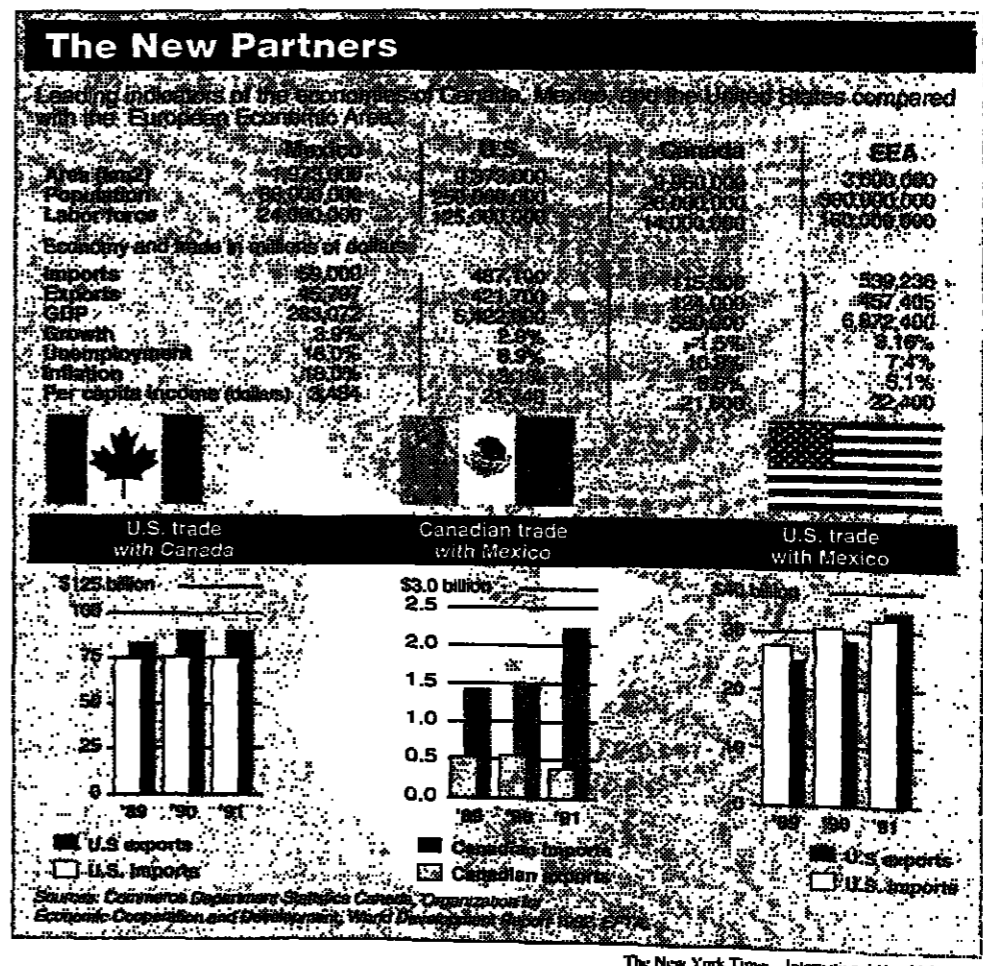
now," said Alicia Munnell, a senior economist at the Federal Reserve Bank of Boston. "We are growing so slowly that defense spending can make the difference between a rising unemployment rate and a falling one."

The military budget authorization — \$286.7 billion in the current fiscal year, adjusted for inflation — has been falling at more than 5 percent a year since 1990, notwithstanding the fighting in Kuwait.

Among all categories of military spending, the greatest damage to the economy has come from the cutback in procurement spending, or orders placed with factories. It has been falling by more than 12 percent a year since 1990.

And under President George Bush's budget proposal, now before Congress, the sum will drop 13 percent in fiscal 1993. Procurement has a multiplier effect,

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Eroding Cambodia's Borders Thais and Vietnamese Encroach on Its Identity

By Mary Kay Magistad
Washington Post Service

SISOPHON, Cambodia — It's 8 A.M., and the Thai national anthem is playing on television in this northwestern boomtown, with color pictures of the Thai king and queen picked up from strong signals across the border.

At a shop down the street, residents can pick up posters of Thai royalty. They can pay in Thai baht, a currency at once acceptable here as the inflation-plagued Cambodian riel. Many Cambodians who live near the Thai border envy and admire their richer, more stylish neighbors.

Other Cambodians are warier. In 10 months since the Cambodian peace accord was signed in Paris, they

have seen Thai speculators drive real estate prices out of reach for most Cambodians. They have watched Thais cart out ever bigger loads of Cambodian timber, gems and artifacts from 12th-century temples such as Angkor Wat.

Hundreds of Thai entrepreneurs have eased their way into the Cambodian business scene by buying Cambodian identification cards, usually for less than \$100, several Thai and Cambodian sources in Battambang and Phnom Penh said. These cards allow Thais from Khmer-speaking parts of Thailand to pass as Cambodian natives.

"We fought to get rid of Vietnamese invaders," Boreth Sun, who grew up in Sisophon, became

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Somali War Mirrors Bosnia's, Except in Catching World's Eye

By Keith B. Richburg
Washington Post Service

MOGADISHU, Somalia — The haunting images have become almost daily television fare: pathetic, gaunt bodies, afflicted with hollow eyes, hospitals filled with wounded people and rival gunmen slaughtering each other.

Each new image heightens world outrage and revulsion, increasing pressure on

NEWS ANALYSIS

Western governments to do something — anything — to halt this nightmare.

That has been the world reaction to the crisis in former Yugoslavia, a civil war in the heart of Europe that has attracted a major United Nations presence and even efforts for direct military intervention to protect emergency aid.

But the images are much the same in Somalia. Hundreds, if not thousands, of people are dying daily of hunger and disease, and refugees are streaming by the thousands each day into neighboring Kenya. Civil administration has collapsed and what was once a functioning society has been reduced to primordial anarchy.

If tragedy were measured simply in numbers of lives destroyed, the one in Somalia would, by many accounts, be judged greater than that in Yugoslavia. Here, civil war has been compounded by a famine that is wiping out entire villages.

But unlike Yugoslavia, the Somali crisis has attracted little attention or aid, and only faint calls for military involvement.

The people grappling with the Somali crisis, and observing it from the outside, immediately offer a few explanations for what some have called a double standard:

Yugoslavia's proximity to Western capitals; the modern "novelty," at least in media circles, of a war in Europe that could spread; the neglect of African leaders in speaking up about a crisis on their own doorstep; and on a more basic level, racism

— Yugoslavs are Europeans, Somalis are Africans.

"One, there's the proximity," said a Western diplomat in Nairobi, expressing frustration at the double standard. "There's also probably more Yugoslav living in the United States. There's color. And all the adoption fanatics see a chance to adopt little blond kids."

"More people are concerned about Yugoslavia, so nobody is concerned about Africa," said Patrick Bongrain, a logistics officer working in the coastal town of Merca with the French group Doctors Without Borders. "Yugoslavia is something new — and it's very close for European people."

Rakiya Omaar, a Somali who is executive director of Africa Watch, the human-rights group, says it is European racism fueled by African indifference.

"It's ludicrous for Africans to argue that Europeans should be paying as much attention to Somalia as they pay to Yugoslavia," she said. "Why should Europeans care about Africans when Africans don't care about Africans?"

"Africa's own silence makes racism easier," she said. "If your own people won't speak up for you, why should the rest of the world care?"

Sanford J. Ungar, dean of American University's journalism program and a journalist who has reported from Africa and written a book about it, called the disparity of interest between Yugoslavia and Somalia "a classic example of a situation where the familiar crowds out the unfamiliar."

While racism is not entirely to blame, he said, "there is a subtle racism at work."

The UN secretary-general, Boutros Boutros Ghali, an Egyptian, touched delicately on many of these points when he publicly challenged the Security Council's decision to step up costly peacekeeping operations in Yugoslavia — which he called a "rich man's war" — while relief operations in

UN to Guard Food in Mogadishu

New York Times Service

MOGADISHU, Somalia — The senior United Nations representative in Somalia, Mohammed Sahnoun, announced Wednesday that he had won an agreement from a warlord for the deployment of 500 armed UN troops to protect food deliveries to millions of starving Somalis.

The UN Security Council, moved to act after reports of death by hunger of tens of thousands of Somalis, passed a resolution last month authorizing the deployment of the troops, with or without the consent of the warring factions.

But aid officials were worried that foreign troops entering the clan warfare of Somalia without firm agreements would cause even more chaos. The UN representative has been struggling for two weeks to win the agreement of General Mohammed Farrah Aidid, the leader of one of the two main clan-based factions that have been fighting for 10 months.

Mr. Sahnoun visited the general in his headquarters at Bardera, southwest of Mogadishu, on Wednesday, where the general signed a document stipulating that the troops would protect the port of Mogadishu and transportation to rural centers, where hundreds of people are dying daily. Mr. Sahnoun then flew to Nairobi to make the announcement.

Somalia and the rest of black Africa go neglected.

This view was echoed here last week by Mr. Boutros Ghali's special envoy to Somalia, Mohammed Sahnoun, a former Algerian ambassador to Washington. In an interview, Mr. Sahnoun said Mr. Boutros Ghali "was right in pointing out that operations we launched in the former Yugoslavia are costing a lot of money to the United Nations, but nothing was done about Somalia."

Mr. Sahnoun noted irony in that a UN-arranged cease-fire has been holding in Mogadishu since March, making it safer for relief operations than in embattled Bosnia-Herzegovina, where UN peacekeepers have come under frequent gunfire.

While Somalia's clans have clashed frequently, they have nothing like the heavy weapons of the former Yugoslav army now being used in the Balkans.

"People are really starving, and the security conditions are better than in Yugoslavia," Mr. Sahnoun said. Asked about the reasons for the discrepancy, he paused and searched briefly for the correct diplomatic answer. "Maybe because it's in Europe. I don't know," he said. "Maybe it's their neighbor's problem."

He also criticized the United Nations for pulling its staff out of Somalia after the fall of President Mohammed Siad Barre in January 1991 and for failing to re-establish a presence for nearly a year. "It was a very, very long delay and a tragic delay. And we are now paying the price," Mr. Sahnoun said.

In many ways, Somalia is a victim of the end of the Cold War. During the 1970s, with his country fighting Soviet-supported, socialist Ethiopia over the Ogaden region, Mr. Siad Barre embraced the West — and suddenly this desert land of nomads and camels was at the center of U.S. geopolitical planning.

When the Yugoslav crisis erupted last year, European leaders worked feverishly trying to work out some kind of agreement. Europe also has forced the issue to the top of the UN agenda.

By contrast, African leaders have remained virtually silent on Somalia. As opposing warlords battled in Mogadishu for most of last year — shelling the city into oblivion and killing mostly innocent women and children — the Organization of African Unity took no role.

The OAU secretary-general never set foot there to try to talk to the warring groups. Yet African presidents have shown the courage of President François Mitterrand of France, who traveled to besieged Sarajevo to dramatize the plight of the people trapped there.

"The point was to show the people of Sarajevo that Europe had not forgotten them," said Mr. Omaar of Africa Watch. "Why can't an African leader go to Mogadishu?"

Strategic thinkers in Washington saw

Somalia as an important new client in the troubled "arc of instability," a base from which to project power into the Red Sea and the Middle East.

Mr. Siad Barre, although a recent convert to anti-communism, also provided a bulwark against anti-Western Ethiopia, which was being bolstered by Soviet hardware and Cuban troops.

The United States built one of Africa's longest airstrips at Bardera, constructed one of the most expensive and colossal embassy compounds in the world, and rewarded Mr. Siad Barre by pouring sophisticated weapons into the country.

By the time the civil war reached the capital and toppled Mr. Siad Barre, however, Washington had lost interest. Western embassies evacuated Mogadishu, never to look back.

If the West must take some blame for first arming Somalia and then turning its back, so must Africa's own leaders be held accountable.

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WORLD BRIEFS

Saddam Pledges Corruption Drive

NICOSIA (AP) — President Saddam Hussein of Iraq promised Wednesday that he would take major steps to improve the nation's economy and suggested that corrupt officials would be executed. He criticized the performance of his ministers, who have been trying to revive an economy hurt by a United Nations embargo imposed after Iraq invaded Kuwait in 1990.

"All irresponsible government officials will be dealt with the same way we dealt with corrupt businessmen," he promised in a broadcast speech read by an announcer. Reports last month said at least 42 merchants had been executed in Baghdad after being accused of profiteering.

Mr. Saddam said he would put Deputy Prime Minister Tariq Aziz in charge of a committee to deal with the "negative aspects of social phenomena." The move indicates that bribery has become a major problem in the black-market economy. He also named Hussein Kamel, his son-in-law and a former defense minister, to draw up a plan of action.

Georgian Accused in Abduction

SUKHUMI, Georgia (Reuters) — Georgia accused the deposed president, Zviad K. Gamsakhurdia, on Wednesday of masterminding the kidnapping of its interior minister and ordered his captors to release him or face "extermination."

Edward A. Shevardnadze, the Georgian leader, said the abduction of Interior Minister Roman Zvenadzidze smacked of reconciliation with Mr. Gamsakhurdia's supporters. Mr. Shevardnadze vowed to crush the "forces of evil" in the former Soviet republic. "I think that right now the question of 'no' to be or not to be, whether good or evil will win, will be resolved," Mr. Shevardnadze said on state television.

Armed men broke into peace talks in the rebel western city of Zugdidi on Tuesday and snatched the minister and five other officials as well as the head of Zugdidi's administration.

French Radio Time Favors Treaty

PARIS (Reuters) — Tune in to French public radio and television next month for political entertainment with a European flavor — about 84 minutes of "yes," 6 minutes of "no" and 30 minutes of a mixture. A government decree on public broadcasting time given to parliamentary political groups for their campaigns for the Sept. 20 referendum on ratifying the Treaty on European Union shows the biggest share going to parties wanting a yes vote.

The decree, published Wednesday, calculates air time for the official Sept. 7-19 campaign in proportion to the number of seats held by each party in the National Assembly and Senate. It gives a total of 84 minutes to the ruling Socialist Party and the centrist Union for French Democracy and its allies, which are expected to ignore small anti-Maastricht minorities within their ranks.

Six minutes go to the Communist Party, against ratification, and 30 minutes to the conservative Rally for the Republic. It is split over whether or not to ratify the blueprint for closer European political and economic union, although the party leader, Jacques Chirac, wants a yes vote.

Wellington Wants New U.S. Ties

WELLINGTON (AFP) — New Zealand needs to re-establish a strong security relationship with the United States, Defense Minister Warren Cooper said Wednesday.

New Zealand's interests "are best served by a working defense relationship with the pro-Atlantic global political and military power," he said. New Zealand was a member of the ANZUS pact, with Australia and the United States, until 1985 when the former Labor government banned nuclear armed and powered ships from visiting here. As a result Washington effectively excluded New Zealand from any military relationship. But the current Wellington government now sees a changed international situation, and has been advocating closer ties.

TRAVEL UPDATE

United Sets Round-the-World Flights

LONDON (AP) — United Airlines is planning round-the-world flights similar to those once pioneered by Pan American World Airways. United will link its Atlantic and Pacific networks with new service through New Delhi beginning Feb. 10.

Passengers would follow this route: Los Angeles to New York to London to New Delhi to Hong Kong to San Francisco and then back to Los Angeles, assuming they headed east. United is not counting on people's taking in the whole world at once, however. Leisure travelers are expected to spend at least several days at each destination, perhaps adding on some side trips.

The Turkish government on Wednesday ordered 40,000 striking municipal workers back to work as trash piled up in major cities, producing what one government official called "a danger of epidemics and a serious threat to people's health," state television reported. The workers, who are demanding a pay increase, have been off the job for two weeks. (Reuters)

Forest fires around St. Petersburg and garbage fires in Moscow brought severe pollution to Russia's two biggest cities on Wednesday, as drought conditions continued in parts of the former Soviet Union. St. Petersburg was full of bitter yellow smoke from an estimated 150 fires in forest peat bogs around the city. Smoke from forest fires around Moscow peaked on Monday and Tuesday. On Wednesday, the main threat was garbage dumps that have ignited in the dry weather. (AP)

A ship's pilot on the Queen Elizabeth 2 when it struck an unknown, underwater hazard off the Massachusetts coast defended his job performance Wednesday, saying he was "navigating safely" and was not ultimately responsible for the welfare of the ship. (UPI)

Miyazawa War Tribute A Reminder for Region

Compiled by Our Staff From Dispatches

TOKYO — Amid fresh evidence of worry in Asia about a resurgence of Japanese militarism, the prime minister and most of his cabinet made plans to visit a controversial shrine to commemorate Japan's defeat in World War II.

Prime Minister Kiichi Miyazawa and the majority of his ministers disclosed that they would visit the Yasukuni Shrine, a Shinto repository for the souls of all Japanese who died in war.

Both in Japan and abroad, the shrine is associated with the country's military past and such visits cause concern, not least because seven Japanese war criminals are among the dead honored there.

Among those enshrined at Yasukuni is Hideki Tojo, prime minister during most of World War II and general in the Imperial Army. He and 24 generals, admirals and diplomats were convicted of war crimes at the Tokyo Trial. Tojo and six of his co-defendants were executed in December 1948. They are honored at the shrine.

Mr. Miyazawa has said he will make a private visit to Yasukuni, but no prime minister has made the trip in any capacity since 1985, when former Prime Minister Yasuhiro Nakasone caused bitterness at home and abroad by breaking a postwar taboo with an official visit.

News of the tribute planned by Mr. Miyazawa coincided with the release of a survey by the Foreign Ministry on Wednesday showing that many Southeast Asian fear a return of militarism in Japan.

At the same time, a senior official said that the first Japanese troops to be sent on an overseas mission since the war could be in Cambodia as early as next month to join a United Nations peace-keeping force.

In the ministry survey, about 30 percent of those asked said they were worried that Japan would become a military threat in the future. About the same proportion said

they could not forget its misdeeds. The ministry attributed Asian concerns to recent events marking the 50th anniversary of Japan's invasion of Southeast Asia from 1941-42, as well as plans to send troops overseas for the first time since World War II.

It also noted controversy created by recent detailed accounts of Asian women forced to serve as prostitutes for Japanese soldiers in the war.

The survey received replies from more than 800 people in Indonesia, Malaysia, Singapore and the Philippines, and about 775 in Thailand.

Fear of Japanese militarism was more pronounced in Malaysia and Singapore where about 35 percent of those surveyed said they regarded Japan as a military threat, up 5 percent in each country over the last poll in 1987.

At least 23 percent of Indonesians surveyed feared a resurgence of Japanese militarism, up 2 percent; 32 percent of Filipinos, down 15 percent; and 24 percent of Thais, down 29 percent.

Forty percent of Malaysians, up 15 percent, said they could not forget Japan's war conduct.

The survey found 37 percent of Filipinos surveyed, up 2 percent, felt the same way. 31 percent of Singaporeans, up 6 percent; 29 percent of Indonesians, down 7 percent; and 18 percent of Thais, down 11 percent.

The Philippines, Singapore, Malaysia and Indonesia were invaded and occupied by the Japanese. Thailand was Japan's wartime ally, although also occupied.

Even in Japan, public opinion is split over the government's plan to send troops overseas to Cambodia. Jiro Hagi, deputy director of the newly established International Peace Cooperation Headquarters, arrived in Phnom Penh on Wednesday to determine how and where Japanese troops could best be deployed in Cambodia as part of the UN operation.



IRISH HONOR — Mother Teresa in Rome receiving an honorary fellowship on Wednesday from Ireland's Royal College of Surgeons. With her was Dermot O'Flynn, college president.

New Clashes Break Out In Angola

By Kenneth B. Noble
New York Times Service

LUANDA, Angola — The authorities say that fierce fighting has broken out between government forces and Angolan rebels.

Skirmishes in the northern province of Malange were said to be the most violent incidents since the two sides signed a cease-fire accord last year that ended 16 years of civil war.

Officials of both the governing party and the rebels of the National Union for the Total Independence of Angola, or UNITA, are considering ways to deal with what appears to be a politically explosive situation since it comes less than six weeks before Angola's first multiparty elections.

"This is a very serious situation, and we're concerned about it because it could spread to other parts of the country," Venacio de Moura, the deputy foreign minister, said Tuesday.

Mr. de Moura said that at least nine people were known to have been killed and several dozen wounded in the provincial capital, Malange City, 390 kilometers (240 miles) east of Luanda, Angola's capital.

Western diplomats said the death toll was probably several times that number.

State radio said accounts of the fighting were fragmentary because telephone links between Malange and Luanda had been cut.

Japan 'Comfort Women' Case Widens

By Robin Bulman
Washington Post Service

SEOUL — A pattern of systematic enslavement and abuse of women in every country Japan occupied during World War II has been described at a conference of women's groups from six Asian countries.

The groups were comparing notes for the first time on Japan's procurement of women from their countries as prostitutes for the Imperial Army during the war.

One such woman, Lee Yong Yoo, was 16 years old when she heard that a Japanese factory was hiring young Korean women. It was 1940, and life was full of hardships in Korea, then a colony of Japan. Her father raised no objections, so, with two friends, she left.

But the ship that Miss Lee and dozens of other unsuspecting Korean women boarded in the Korean port of Pusan went to Singapore, not to Japan. And in Singapore, there were no factory jobs.

Instead, she was forced to become a "comfort woman," the euphemism used to describe the estimated 200,000 Asian women, mainly Koreans, who were enslaved as prostitutes by Japan.

"They brought me to a house, took me upstairs and put me in a room," said Miss Lee, now 68. "I didn't know what was going to happen to me until the soldiers came."

For five years, she said, she was forced to have intercourse with 20 to 30 Japanese soldiers each day. She said one of her friends committed suicide during the first year.

Abandoned in Burma at the close of the war, Miss Lee eventually made her way back to her family in Korea. She found that her father was dead and one of her brothers disabled.

"So much had happened to them," she said tearfully. "I had all this pain inside me, but I couldn't tell anyone." Like most other former comfort women, she never married, and she never told anyone what had happened to her.

Today, Miss Lee carries no grudges. "That was what happened at that time," she said matter of factly.

After Japanese and South Korean news organizations began last year to delve into Japan's wartime procurement of women, Miss Lee and other former comfort women have stepped forward to tell their stories. They believe that Japan must finally acknowledge its full role in what many perceive as wartime atrocities against the women of Asia.

Japan has admitted recruiting women for prostitution. Prime Minister Kiichi Miyazawa even apologized to South Korea several times during a state visit to Seoul in January.

Only last month, however, officials said that they could not locate any documents proving that Japan had recruited any women by force. And Japan has yet to make a concrete offer of compensation to surviving comfort women.

Representing the Taipei Women's Rescue Foundation at the Seoul conference, Mei-Ling Chen said the stories of 13 Taiwanese comfort women had been verified. She estimated that at

least 200 women from Taiwan had been forcibly recruited by Japan.

Nelio Sanchez Linao of the Asian Women's Human Rights Council of the Philippines, said her group had located a medical report from 1942 showing a sketch of a comfort house in the Philippines' Iloilo Province. Existence of the wartime military brothel had been confirmed by area residents, she said.

She accused the government of former President Corason C. Aquino of ignoring evidence of enslavement of Filipino women and not seeking any compensation for surviving Filipino comfort women.

To pursue their case against Japan, the 70 delegates from women's rights groups in South Korea, Taiwan, the Philippines, Hong Kong, Thailand and Japan have established the Asian Network in Solidarity With Women Drafted for Sexual Slavery by Japan.

The group ended the conference by strongly condemning Japan for what it described as a "brutal crime unprecedented in the history of all humankind."

The delegates also issued a list of demands to the Japanese government, among them that it recognize that comfort women were "forcibly and violently" taken from Asian countries and that it release all historical documents related to them. The group also demanded that Japan offer acceptable compensation and reparations to surviving comfort women and their families based on international law.

Russia to Curb Electricity 25% Starting in Autumn

Compiled by Our Staff From Dispatches

MOSCOW — Russia will start curtailing electricity as of Oct. 1 because of a shortage of energy resources, an official said Wednesday.

The measure is designed to cut daily consumption by 25 percent. It will remain in effect until October 1993, the deputy head of Russia's Electric Energy Committee, Vitaly Gorin, told the Itar-Tass news agency. Cuts could also reach 20 percent at times of peak demand.

Mr. Gorin said electricity suppliers would have to warn consumers a day in advance about plans to cut power, or at least one hour in advance in case of emergencies.

Power cuts, according to Mr. Gorin, will not affect communications, hospitals, schools, vital industries or residential areas.

"This has been done to ensure the stable work of power systems if critical shortages of electricity arise," Mr. Gorin said.

The report did not explain the need for power cuts. But general chaos in the economy, shortfalls in oil output and cuts in nuclear power have all taken their toll. (AP, Reuters)

U.S. Kids Found Mired More Deeply in Poverty

By Barbara Vobejda
Washington Post Service

WASHINGTON — Child poverty, which historically has been concentrated in the nation's largest urban areas, has been climbing rapidly in small cities, suburbs and rural areas as well as big cities, according to a child-advocacy group.

The group, the Children's Defense Fund, reported that the list of cities with the highest child-poverty rates included not only Detroit, New Orleans and Miami but also smaller cities with less obvious eco-

nomie problems, such as Laredo, Texas; Rochester, New York; Fresno, California, and Shreveport, Louisiana.

Among the 100 largest cities in the United States, the percentage of children living in poverty went up from 24.8 percent in 1979 to 28 percent a decade later, according to the group, which based its findings on 1990 census figures. The figures were much higher among children from minority groups, with as many as two-thirds of them in poverty in some cities.

U.S. Census Bureau surveys show that between 1989 and 1990, 841,000 more children fell into poverty, nearly as many as were added during the previous decade. Olivia Golden, director of pro-

grams and policy for the group, blamed the increase on several factors, including the loss of manufacturing jobs.

She also said the government "safety net" had become less effective over the 1980s, with welfare benefits for families falling relative to inflation and a smaller fraction of unemployed families eligible to receive unemployment benefits.

The group urged adoption of legislation, passed last week by the House, to provide increases in food-stamp assistance and other programs aimed at children.

The Weather

Forecast for Friday through Sunday



Region	Today	Tomorrow	Day After
North America	Strong winds and showers will lash Hamburg Friday into the weekend. In the Midwest will improve over the weekend. After a windy, cool day with scattered rain, Boston will see sunshine with rain on Friday. Warm weather will prevail with frequent showers.	Strong winds and showers will lash Hamburg Friday into the weekend. In the Midwest will improve over the weekend. After a windy, cool day with scattered rain, Boston will see sunshine with rain on Friday. Warm weather will prevail with frequent showers.	Strong winds and showers will lash Hamburg Friday into the weekend. In the Midwest will improve over the weekend. After a windy, cool day with scattered rain, Boston will see sunshine with rain on Friday. Warm weather will prevail with frequent showers.

Region	Today	Tomorrow	Day After
Europe	Strong winds and showers will lash Hamburg Friday into the weekend. In the Midwest will improve over the weekend. After a windy, cool day with scattered rain, Boston will see sunshine with rain on Friday. Warm weather will prevail with frequent showers.	Strong winds and showers will lash Hamburg Friday into the weekend. In the Midwest will improve over the weekend. After a windy, cool day with scattered rain, Boston will see sunshine with rain on Friday. Warm weather will prevail with frequent showers.	Strong winds and showers will lash Hamburg Friday into the weekend. In the Midwest will improve over the weekend. After a windy, cool day with scattered rain, Boston will see sunshine with rain on Friday. Warm weather will prevail with frequent showers.

Region	Today	Tomorrow	Day After
Asia	Super Typhoon Kent will threaten Tokyo Saturday or Sunday, but Friday will be partly sunny and warm. Rain is likely in Seoul Friday. In Manila and Hong Kong will be mainly cloudy with heavy rain Sunday with thunderstorms possible each day.	Super Typhoon Kent will threaten Tokyo Saturday or Sunday, but Friday will be partly sunny and warm. Rain is likely in Seoul Friday. In Manila and Hong Kong will be mainly cloudy with heavy rain Sunday with thunderstorms possible each day.	Super Typhoon Kent will threaten Tokyo Saturday or Sunday, but Friday will be partly sunny and warm. Rain is likely in Seoul Friday. In Manila and Hong Kong will be mainly cloudy with heavy rain Sunday with thunderstorms possible each day.

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CAMPAIGN '92 / SLEAZE QUEST

ELECTION NOTES

Baker, Long Heralded, is Said to Be Ready

WASHINGTON — President George Bush is expected to announce before the weekend that Secretary of State James A. Baker 3d will leave his post to oversee the president's re-election campaign, Republican insiders said.

They said Mr. Baker would serve on the White House staff, rather than resign from the government altogether for the Bush-Quayle campaign itself. That is partly because of an ethics law that prohibits high officials who leave the government from having direct contact with their former agencies for a year.

On the White House staff, Mr. Baker would be in a position to keep contact with the State Department to see that the president's campaign was not harmed by foreign policy developments. Mr. Baker, a longtime Bush friend, ran his 1988 campaign. (AP)

This Time, Quayle Takes Aim at Anita Hill

SACRAMENTO, California — A year after declaring war on the country's civil justice system, Vice President Dan Quayle renewed his assault on the American Bar Association by criticizing the group for honoring Anita F. Hill, the Oklahoma law professor who accused Clarence Thomas of sexual harassment.

Mr. Quayle also used two public appearances in Sacramento to assert that the Democrats remain beholden to special interests, specifically contending that Governor Bill Clinton was "in the pocket" of the country's trial lawyers.

As Exhibit A in his case, Mr. Quayle, who is a lawyer, pointed to Hillary Clinton's speech on Sunday at the American Bar Association convention in nearby San Francisco, where Ms. Hill was given an award.

"Most Americans, black and white, male and female, young and old, believed Clarence Thomas and not Anita Hill," Mr. Quayle said to the California chapter of the Christian Coalition. "That doesn't matter to the A.B.A. To them she is a heroine, because she led the attack against a man who happened to be conservative and black — a combination that makes liberals fly into a rage." (NYT)

House Overdraft Writer Loses After 6 Terms

ATLANTA — Representative Charles Hatcher, Democrat of Georgia, became the 16th House member to lose his seat in the 1992 primaries, falling victim to two of the year's dominant political trends — gains by minorities and voter anger against incumbents.

Mr. Hatcher, one of the most flagrant of the House bad-check writers, with 819 overdrafts, lost a runoff to Sanford Bishop, a black state senator running in a district redrawn to give it a black majority.

With 99 percent of precincts counted, Mr. Bishop had 41,529 votes, or 53 percent, to Mr. Hatcher's 36,652 votes, or 47 percent. "The people were hungry, thirsty for a change, and I think we offered it," Mr. Bishop said. Mr. Hatcher, who is white, was seeking a seventh term. (AP)

Quote-Unquote

Question: If you felt that it was in the best interest of the party and the country for you to not run, would you step aside?
President George Bush: No, I don't think — well, that's too hypothetical because I don't think there's any way I would feel that way. None. Absolutely zick. Zero. (NYT)

Away From the Hustings

- After chomping over abortion, one of the most divisive issues it has faced, the governing body of the American Bar Association, in San Francisco, approved a resolution supporting the right of a woman to choose.
- The acting secretary of the navy, Sean O'Keefe, said he was confident that naval officers were cooperating fully now with Defense Department investigators inquiring into allegations of sexual assault at the 1991 carrier aviators' convention in Las Vegas.
- The official death toll in the Los Angeles riots declined to 51 from 60 after the Los Angeles County Coroner's Office reviewed case files and determined that some of those counted as victims would probably have died whether or not there had been civil unrest.
- The federal judge who presided over a case involving illicit bank loans to Iraq criticized Attorney General William P. Barr for deciding not to seek an independent investigation into how the Bush administration handled the case.
- The director of the National Cancer Institute criticized tobacco companies for not acting in "a socially responsible manner" with their use of youth-oriented marketing campaigns.
- Former President Ronald Reagan and his wife, Nancy, are at the Mayo Clinic in Rochester, Minnesota, this week for annual physical examinations.
- Governor Pete Wilson of California is putting together a new budget-balancing plan featuring an additional round of spending cuts to close a \$10.7 billion hole that is growing wider each day.
- Three black men in Los Angeles were ordered to stand trial on charges of attempted murder and torture in the beating of a white truck driver, an incident that came to symbolize the violent reaction to the acquittals in the Rodney G. King trial.
- A probationary fire fighter in the volunteer fire department in Seyville, New York, was charged with setting fires that devastated the village's Victorian-era business district and killed two men who lived above a row of wooden frame shops.
- Mayor David N. Dinkins' office announced a long-range plan for New York City's waterfront that would double the area for parks, esplanades and walkways while preventing gargantuan developments that block access to the shoreline. (LAT, WP, UPI, AP, NYT)

President Fends Off 2d Interviewer on Adultery Question

Compiled by Our Staff From Dispatches
WASHINGTON — After angrily denying a published report, based on purported interviews with a man who is now dead, of an extramarital affair with an aide in 1984, President George Bush was asked again about the matter, and he warned that he would not answer "sleaze questions."

In an Oval Office interview for an NBC television program, Mr. Bush was asked by the interviewer, Stone Phillips, "Have you ever had an affair?"

Mr. Bush, who had warned Mr. Phillips as he began his question that he might end the interview, tried to brush off the issue.

"I'm not going to take any sleaze questions," he said during the interview Tuesday. "I gave you a little warning. You see, you're perpetuating the sleaze by even asking the question, to say nothing of asking it in the Oval Office, and I don't think you ought to do that, and I'm not going to answer the question."

Similar reports were raised during Mr. Bush's first campaign for the presidency four years ago. When a CNN reporter asked him about the report during a news conference in Kennebunkport, Maine, with Prime Minister Yitzhak Rabin of Israel, Mr. Bush said, "I'm not going to take any sleaze questions like that from CNN."

"In this kind of screwy climate that we're in, why, I expect it," Mr. Bush said. "But I don't like it and I'm not going to respond other than to say it's a lie."

The New York Post, in an article published Tuesday, said Mr. Bush had had a sexual relationship with Jennifer A. Fitzgerald, who was an aide to Mr. Bush and is now deputy chief of protocol at the State Department.

The newspaper article was based on a book about a Washington lobbyist, "The Power House," by Susan B. Trento. A chapter footnote quotes Louis G. Fields Jr., an ambassador to the nuclear disarmament talks in Geneva, who died in 1986, as saying that he had arranged for Mr. Bush and Ms. Fitzgerald to use a guest house during an official visit that Mr. Bush made to the talks in 1984.

Unsubstantiated allegations that Mr. Bush once had an affair with Ms. Fitzgerald have been bandied about in political and journalistic circles for more than a decade. The talk was revived earlier this year after Jennifer Flowers charged in a supermarket tabloid story that she had had a lengthy affair with the Democratic presidential candidate, Bill Clinton.

Several news organizations, including The Washington Post and the Los Angeles Times, have investigated the rumor but found no evidence to substantiate it. Ms. Fitzgerald, who was out of the country Tuesday, denied the rumor a decade ago to a Washington Post reporter, Ann Devroy. "I spent two solid months looking into this in the early 1980s and I never found any evidence of it," said the reporter, who was then working for Gannett News Service.

Ms. Fitzgerald has worked for Mr. Bush since he was ambassador to China and director of central intelligence in the 1970s.

Richard Gooding, the New York Post's metropolitan editor, said the tabloid published the story after determining that Mr. Fields "was not a crackpot or senile." Asked whether he was troubled that the key source is dead, Mr. Gooding said, "Obviously, you'd rather have a live guy."

Mr. Bush's campaign spokesman, Torie Clarke, called the New York paper "below the Star and the National Enquirer."

The president's response at his news conference was given extensive play on CNN and radio news, and the three major television networks Tuesday night all ran stories about it. (NYT, WP)

'Field Marshal' Carville's Toughest Test

By Michael Kelly
New York Times Service

LITTLE ROCK, Arkansas — James Carville is a whippet of a man, lean and bald and as tightly coiled as the innards of a baseball. In his calmest moment, the chief strategist for the presidential campaign of Governor Bill Clinton can scarcely sit still, and he does not so much speak as issue intermittent verbal explosions.

On a recent morning, yelling into his telephone receiver as if outraged to find it in his hand, he was almost hopping up and down in his anger.

"Look!" he shouted. "Don't give me that I don't want to hear that we're not messing around with these people, you hear me? We haven't won this thing in 12 years. We're in a war here, you understand that?"

The events of the past few weeks have shown that the people who work with and for Mr. Carville — and the candidate who employs them all — do grasp this point. Constantly both on the attack and the defense, Mr. Clinton's campaign often seems more military than political, and has shown itself adept at the sort of warlike politics that are generally thought of as the specialty of Republican operations.

The argot of the campaign would make a pacifist shudder. The room where Mr. Carville works and shouts is the "war room." Bessey Wright, the longtime Clinton aide who oversees the research operation that investigates and answers accusations against the candidate, is a campaign official said, "the secretary of defense."

Mr. Carville, although he doesn't say it about himself, has emerged as the campaign's field marshal.

"He is 100 percent in charge of the daily message and the daily countermessage," said Mark Gearan, the campaign official who oversees operations for Mr. Clinton's running mate, Senator Al Gore of Tennessee.

"He is the one setting the daily pace, and he is the driving force in the campaign," Mr. Gearan said. "He gives an incredible sense of urgency to the campaign. He understands that there are 80, 85 days left and that is all. That is very important because a lot of the people who are driving the day-to-day machinery of the campaign are 24, 25 years old. At



James Carville during the campaign of Harris L. Wofford for the U.S. Senate from Pennsylvania last year. Of the presidential race, he says: "We're in a war here, you understand that?"

Each day in the campaign is bracketed by War Room meetings, one at 7 A.M. and one at 7 P.M., led by Mr. Carville and attended by 10 to 30 people, including the communications director, George Stephanopoulos; a media consultant, Mandy Grunwald; Ms. Wright; and the scheduling director, Susan Thomases.

The members of the War Room inner circle share a notable trait: they are all experienced in the more brutal sort of politics.

Ms. Wright, a chain-smoking, tight-lipped woman who unsmilingly describes herself as "a very, very tough person," has worked

for People for the American Way, the public interest group. Ms. Seidman helped coordinate an aggressive media campaign to discredit Robert H. Bork, the 1987 Supreme Court nominee. Early in the battles over the nomination of Clarence Thomas to the court last year, Ms. Seidman was hired by Senator Edward M. Kennedy, Democrat of Massachusetts. She was instrumental in encouraging Anita F. Hill, who accused Judge Thomas of sexual harassment, to testify.

The strategy and tactics that are plotted in the War Room meetings are two-sided. The Clinton campaign attacks President George Bush, often harshly, and in a way that is quite personal.

In recent weeks, Mr. Clinton and Mr. Gore have spoken of Mr. Bush as a man who has evaded responsibility for his actions, who is the willing tool of the rich and powerful, whose tenure has caused America to be humiliated and mocked around the world, who has mishandled virtually every aspect of his presidency.

But, at the same time, the campaign is careful to base the attacks largely on matters of Mr. Bush's public record. While the use of the material is highly selective and in some cases distorted, the Clinton campaign can always defend itself against charges of negative campaigning by saying that its criticisms, although personal in tone, are based on issues and actions that are public.

The main player in this performance is Clinton himself. In speeches and press conferences, he takes the lead in putting out both the daily attack message and the daily defense.

The candidate and his lieutenants argue that there is no similarity between what they are trying to do to Mr. Bush and what the Republicans are trying to do to Mr. Clinton.

In typical remarks, Mr. Clinton said last week that there was "a very great difference" between what he was doing and the actions of the other side, which he described as "trying to convince the American people your opponent is some alien from outer space."

But much of what Mr. Clinton and his surrogates say about Mr. Bush neatly fits Mr. Clinton's description of the Bush campaign's attacks on him as "selective and personal and negative and often distorted."

Republicans Repair A Platform 'Mistake'

Compiled by Our Staff From Dispatches
HOUSTON — To avoid embarrassing George Bush, the drafters of the Republican Party platform have amended a section that implicitly criticized the president for reneging on his promise never to raise taxes.

Under pressure, the platform committee changed language it had already approved that called the offending 1990 budget agreement with Congress a "mistake" and that promised to try to repeal the tax increases.

Now, the platform will describe the tax increases as "recessionary," blame congressional Democrats for them and call only for their "ultimate" reversal.

The changes were made at the request of Charles Black, a senior campaign adviser who is monitoring the platform drafting for the Bush camp. They are largely cosmetic and the dispute, by itself, did not involve very large stakes.

The contretemps illustrated the underlying tension between the president and some die-hard conservatives in his party who are upset that Mr. Bush broke his no-new-taxes pledge and want him now to be more aggressive on cutting taxes. (NYT, WP)

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Bush Gets Personal on Abortion

New York Times Service

WASHINGTON — As the Republican Party drafted a platform demanding a constitutional ban on abortion, President George Bush struck a less absolute tone on the issue when he was asked how he would deal with an abortion in his own family.

During a television interview in the Oval Office, Mr. Bush said that if one of his granddaughters came to him as an adult and said she wanted an abortion, he would argue against it, but ultimately support her.

"Of course, I'd stand by my child," Mr. Bush said, responding to a question like one that was put to Vice President Dan Quayle last month about his own daughter. "I'd love her and help her, lift her up, wipe the tears away and we'd get back in the game," Mr. Bush said.

Although Mr. Bush is on the record supporting a ban on abortions except in cases of rape, incest or when a woman's life is threatened, he said that the decision would be the woman's. "Well, whose else's — who else's — could it be?" he said.

In the same interview, Mr. Bush was also asked what he would do if one of his grandchildren was homosexual, and he gave the same pledge of personal support for the child.

His answer on abortion seemed to suggest that Mr. Bush personally would leave the final decision on abortion up to the person expecting the child.

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4/92	PAVING EQUIPMENTS (Rollers, Mixing Plants, Finishers, Bitumen Distributors, Crushing & Screening Plants)	3 / 10 / 1992	2000
5/92	TRUCKS, TRUCK TRACTORS, CRANES (Tipper Trucks, Air Compressor, Truck Tractors with Trailers, Cranes and Drilling Equipment for Bridges)	17/10/1992	1000

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- 3- Bids non- accompanied with the 2% Bid Bond or delivered later than the due date shall be rejected.
- 4- Bids must be accompanied with a copy of the agent's tax card and the form (14 C) proving the commercial agency.

Herald Tribune

Mideast: Back on Track

Rabin Clears the Way

Good for President George Bush and Israel's new prime minister, Yitzhak Rabin. Their cordial meeting in Knebelskop, Maine, opens the way to quick approval of \$10 billion in U.S. loan guarantees for Israel and to real bargaining at regional peace talks, which resume on Aug. 24 in Washington.

Now the Arabs' Turn

President Bush has now made it clear that he does not intend merely to coast along in the Arab-Israeli peace talks but to press the pace and to play a major and forceful role. This was the principal result of his meetings with Prime Minister Rabin.

Republican Accounting

The Republicans took some pre-convention bating practice on the economy in the last few days — and hit a lot of pop-ups. The problem is not so much that they disagree on economic policy as that the policy on which they mostly do agree has produced a result they feel it necessary to disown.

Other Comment

Somalia: How Many Deaths?

Civil war, drought and famine could easily push the death toll in Somalia to well over the 1 million mark unless the international community intercedes quickly. As many as 4.5 million Somalis are in serious need of emergency food, according to Red Cross estimates.

Bank Palestinians who met openly with the chairman of the PLO, Yasser Arafat. Lifting that ban is the kind of conciliatory gesture long urged by Palestinians. So is the curtailment of new settlements by the Rabin government.

With the previous Israeli leadership, Mr. Bush scraped the nerves of Israelis and some of their American supporters. But his consultations with Mr. Rabin have quickly restored closeness with Israel, whose confidence in Washington must be sustained if it is to take the risks necessary for peace.

couldn't bring spending under control," Senator William Roth, co-sponsor of the 1981 tax cut, has said. Never mind that not even Ronald Reagan, much less George Bush, has ever been able to identify the domestic spending cuts that their mythical view of the government says should be so easy to make.

stolen tons of food and medicine from airplanes, relief convoys and food camps. They stole 40 tons from the Red Cross last week. Their booty, the only available rice in a country dependent on rice, is the only currency of any value in Somalia.



Make the United Nations the Peacemaking Power

WASHINGTON — Where is a world policeman when you need one? Carnage and atrocities inflame Bosnia, anarchy and famine afflict Somalia. Defiance and renewed threats rise from Iran's rogue regime.

to be for America to do everything or nothing. Many Americans who agree that something should be done about Bosnia feel that it should be done by the Europeans on their own. But Europe's powers will not act in this crisis.

Aggression, Purge, Murder — as the West Dithers

PARIS — There are four possible justifications for intervention in the Yugoslav crisis. The first is humanitarian: to defend convoys and air missions to feed people in besieged cities, evacuate casualties and civilians, rescue prisoners in concentration camps, etc.

different "nations," peoples and religions. Political unrest or rebellion might be generated by misrule, but not because the rulers belong to a different nation or race. That was taken for granted.

ASEAN: Now for the Next 25 Years

SINGAPORE — The Association of Southeast Asian Nations was 25 years old on Saturday. Its record of cooperation compares favorably with that of other post-colonial regional groupings.

Council may proffer its good offices. If the parties agree, it can then become a committee of mediation, inquiry or provision, while no panacea, offers ASEAN governments an opportunity to show that they have the will to grasp contentious issues in the interests of group cohesion and international standing.

Alas! Yes. Increasing the strength and role of the United Nations by giving it peacemaking power is a necessary evil, that needs to be carefully watched, not an unmitigated joy or a great idea whose time has at last come.

many and Spain all are combinations of many different ethnic stocks. The Prussians, who created modern Germany, are not Germans at all, but Balts, like the Lithuanians and Latvians. The Normans of France, who conquered England in 1066, were of Viking origin. The Anglo-Saxons are German tribes who settled Britain after the Romans left. And so on.

1892: A Consul's Labors LONDON — General New, the Consul-General of the United States, gives an account of his experiences with American travelers. He has been required to mention forthwith where the cheapest goods could be purchased, the shortest route between towns as distant as Liverpool and Milan, and so forth. He is also expected to give his visitor a recommendation to his tailor and thus to make himself responsible for any debt the stranger may run up. He is at the beck and call of every busybody or loungee who has nothing to do. They walk into his room without ceremony, sit on the edge of his desk, and never think of removing their head-covering.

1917: Order in Spain MADRID — According to reports, regular train services are being maintained. A number of strikers have resumed work. The President has informed the press that the Govern-

Meantime, Somalia Is Worse

By Anna Quindlen

NEW YORK — The two children are the only survivors of their family, but not, it appears, for long. In news footage they sit naked on the ground, their spindly arms wrapped around each other, the inevitability of their imminent deaths in their sunken eyes. In their homeland, rent by internal power struggles, there is no food, and so they starve while worlds away the politicians puzzle over what to do.

When we Americans hear of Serbian-run concentration camps we relate them, with renewed outrage, to the atrocities of Nazi Germany. When Americans see Bosnian orphans crying in the windows of buses, often sold by profiteers, relief kitchens have graveyards flanking them, so that those who die waiting for food may be buried while the line moves on.

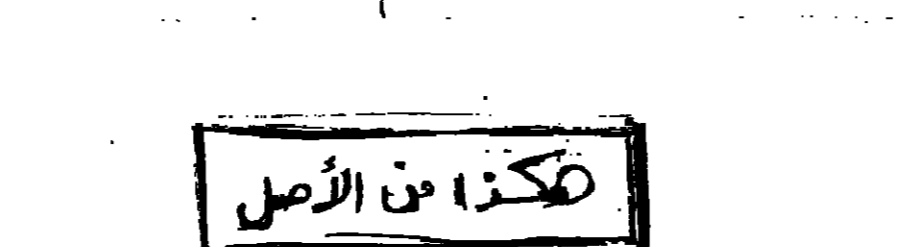
There is nothing inevitable about the corpses littering the landscape of Somalia. There are no easy solutions for a nation of nomads who have been prevented from planting crops by the ravages of civil war, a country that has almost no government aside from village elders in dying towns.

GENERAL MACARTHUR'S HEADQUARTERS, Australia [From our New York edition]: Whatever the outcome of the Allied offensive against the Solomon Islands — and the latest information here tonight [Aug. 12] is that it is progressing satisfactorily — one incontrovertible result has been attained: It has put a serious dent in the Japanese timetable and may alter the enemy's plans to such an extent that the allies will be able to retain a certain degree of the initiative. Without minimizing the Japanese threat still hanging over the South Pacific area, it can be said that the Solomon offensive was a tremendous blow to their plans for transforming Tulagi into an important base.

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The writer, professor of international relations at the London School of Economics and Political Science, contributed this column to the International Herald Tribune.

ment has taken every possible precaution to avoid the general strike threatened by revolutionary elements. The King will leave Santandrea soon to return to Madrid, where he will preside over a Cabinet Council.



OPINION

Bush Can Safely Pass Up The Kemp & Co. Recipe

By Hobart Rowen

WASHINGTON—Jack Kemp and other self-defined "true" Republican conservatives are urging George Bush to save his presidency by returning to supply-side economics with a series of major new tax cuts, and de-emphasis of the budget goal. They also demand a whole new concept of government, one in which it gets out of the way, is "less burdensome, less intrusive" and lets the private sector take over.

This is our first look at what could be a Kemp or Quayle platform for 1996. But Bush will have a problem buying it for 1992.

win again in 1992. It is "the classic formula for economic growth: low tax rates, sound money and deregulation." Their wish list also includes "sound money" and a Federal Reserve target of zero inflation (no mention of the impact on employment). The only thing omitted from a typical menu of right-wing nostrums is a return to the gold standard. That can be imagined, though, reading between the lines of a call for re-establishing "a stable world monetary platform."

The memo adds: "Celebrating the American Spirit" at the convention is a fine idea, but we must not let it turn into a celebration of the status quo. People are willing to forgive past mistakes, but they won't forgive a lack of vision for the future.

decide the Bush economic growth targets of 1 percent to 2 percent as "unacceptable" and "anemic." In so doing they unwittingly provide valuable raw material for the Clinton-Gore campaign.

"This is supply-side revisited, the fantasy of 10 years ago," Derek Shearer, an economic adviser to Governor Bill Clinton, "if they want to play that game, we'll be very happy." The Democrats can make sound bites out of the following Kemp/Kudlow statement:

"Consider that if the U.S. economy had grown at 3 percent instead of 0.7 percent over the past four years, Americans would have produced an additional \$78 billion in goods and services, created 8 million additional jobs and, as a consequence, paid \$251 billion in additional tax revenues."

"If the U.S. economy slips further below its long-term potential to grow, the cumulative loss will exceed \$3 trillion, a disastrous potential loss which is already being sensed by the American people."

It is hard to fault the Kemp/Kudlow case that growth has been miserably low in the Bush years. The Democrats agree; a recent report by their congressional study group shows that it is actually the worst stretch since Herbert Hoover.

The operative question is whether the Republican right-wingers have the right answer when they propose a Jerry Brown-style tax cut reducing "the 4,000 pages of the tax code to 40 or, better yet, to 4."

They would thus abandon progressivity in the tax structure, exempting those with the highest incomes from paying the highest tax rates. Capital gains taxes would be slashed to a maximum of 15 percent, and to zero for long-term investments. Another benefit for upper-income groups. Moreover, they would have Mr. Bush publish an executive order to "index" the capital gains tax rate, allow business and individuals to escape taxes on any part of a capital gain attributable to inflation.

Treasury Secretary Nicholas Brady said that this would be nice to do but that the Justice Department thinks the administration does not have the legal power to index gains by executive fiat.

Although the word out of the White House is that the Kemp proposals will not be rejected out of hand, in an effort to "unify" the Republican Party, Mr. Bush would be well-advised to drop the memo in the circular file.

The president may desperately need a pro-growth program, but as Mr. Clinton has argued, the way to get it is to expand investments in the public sector as well as in the private sector. This is the time to turn the clock back by preventing everything from the Western Reserve U.S. cities are deteriorating; the underclass everywhere in the economy needs more, not less, help. Mr. Kemp and Mr. Kudlow ignore the relevance of the public sector.

The Washington Post.



Prosperity is just around the corner?

If I Got Here I Can Get There, Thank You

By Jay D. Leventhal

NEW YORK—On a warm day this spring I was walking back to my office after getting some cash at the bank. While I was waiting for the traffic light to change so I could cross the street, someone suddenly grabbed both my upper arms from behind.

Another violent street crime in the big city? No, I am blind, and it was a man who wanted to help me cross the street.

MEANWHILE

He didn't say a word. I had no warning. He just walked up from behind and grabbed me. I jumped, spun around and said, "What are you doing?" He said, "Excuse me," and walked away.

An isolated incident? No, this happens regularly as I walk the streets using my white cane. People yell at me, push me, pull me and grab my clothes.

Once, near my office, a Consolidated Edison crew was digging in the street. One of the workmen grabbed my suit

and I jump in surprise or yell or pull away, the person usually becomes angry or defensive or tells a passer-by how inconsiderate I am. But to me not only is the unexpected physical contact startling and sometimes frightening, the presumption that I need help is insulting.

It is still acceptable to assume that blind people are incompetent. This is prejudice and it is apparent in everything from the belief that a blind judge is incapable of serving on the bench to a waiter assuming I won't be handling the check for my dinner date.

Blind people have reliable methods of traveling, using a guide dog or a cane. By distracting us, people interrupt this process. Suppose someone covered your eyes, turned you around a few times and then offered to help you get somewhere. Think about it.

We got to the point where you met us, and we are capable of getting to our destination the same way. We are also used to asking for assistance when we need it. If we don't ask, we don't need it. So the next time you see a blind person on the street, keep your hands to yourself.

The writer, who tests computer equipment for blind people at the American Foundation for the Blind, contributed this column to The New York Times.

LETTERS TO THE EDITOR

Bosnia: If the Will Can Be Found, There Are Solutions

In response to the opinion column "Europe Can't Afford to Appear Serbia" (Aug. 3) by William Pfaff:

As the carnage in Sarajevo continues, the criticism of the West's negligence and subsequent calls for military intervention in Bosnia are certainly justified. But to compare the situation to the 1938 "Czechoslovakian sellout" is surely a distortion of events.

Clear political goals are needed to define the shape of a military intervention in Bosnia. To criticize Western Europe for "doing nothing" except for partisan advantage is misleading, because it ignores the European Community's success in forcing settlements in Slovenia and Croatia. On the other hand, going to Sarajevo with guns blazing is not only irresponsible but certain to aggravate an already tense situation. Action is imperative, but so is direction.

ANDREW TOFF, London.

Mr. Pfaff's opinion column is part of the problem: Finger-pointing and ancient defenses are irrelevant to a here-and-now solution in Yugoslavia.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

former Yugoslavia. ("Boros Ghali's Style at the UN Arouses Unipolar Wrath," Aug. 4). The Germans had no problem pushing quick recognition of the new nations, yet failed to "fine tune" their ducks (even the willing French) to enforce the new borders.

I appreciate the Serbs' history. But they must now be stopped in their grievous error, caused by the cheap play on their historical memory by politicians (such as Slobodan Milosevic) who obviously will stoop to anything to retain power. My heart breaks to think that only severe military action by the West can stop this. Serbs are inherently honest people, and the clear, honest approach of Mr. Boros Ghali will be far more effective in stopping this civil war than the weak, hypocritical approach prevailing in Europe and being backed by the U.S. president.

TERRI O'BRIEN, Warsaw.

There is something terribly wrong when the president of the United States says that "human treatment of the people in these concentration camps" should "be guaranteed" ("Bush Urges UN to Allow Force for Bosnia Aid," Aug. 7). Doesn't he, as millions of others, yet know what concentration camps are all about? Does he want to know?

SERGE BESSMERTNY, Rabat, Morocco.

If force is used in the former Yugoslavia, it is not enough simply to halt the

killings. It should be used to assure the victory of the friends of a free society and the defeat of what the Pope has called "those who want to kill."

TRACY DANISON, Suresnes, France.

South Africa Can't Wait

In response to "Outside de Klerk's Office, Blacks Serve Notice" (Aug. 6):

The African National Congress's two days of "mass action" have come and gone and now it is time for its leadership to take stock and offer concrete ideas for the resumption of the constitutional talks. Unfortunately, strikes and other forms of mass protest do not contribute significantly to the settlement of complicated problems. The only way ahead in South Africa is for the ANC, Inkatha and other black groups to negotiate with the white regime for an enduring solution to the political problems of the country.

Whites know there is no turning back. Both sides must compromise. Failure to do so at this crucial moment will not only jeopardize the future of South Africa but risk plunging the country into deeper conflicts.

LAZARUS JAWIYAMBE, Brussels.

Tragic as the Boipatong massacre has been, I cannot recall any outcry from the African National Congress or its allies at a similar massacre in April of Inkatha supporters in Crossroads. Where is the evidence of police participation in the violence? If the police

played a part, strong action must be taken against those involved. It is easy to accuse but difficult to prove.

Thousands of South Africans fought in World War II to save their land from dictatorship. I hope it will not happen again — in the guise of democracy.

J. L. VAN SELM, Cape Town.

Radio Liberty Under Fire

The report "U.S. Panel Calls for the End of Radio Liberty" (Aug. 5) draws attention to the threat to two important yet underestimated organizations, Radio Liberty and Radio Free Europe. The opinion of a presidential commission is well and good, but who is actually on this commission? Have they ever visited the countries served by these broadcasters? Whose interests do they represent?

According to the people best able to judge these broadcasters' quality, namely the dissidents now forming the governments of the Central and East European states, Radio Liberty and Radio Free Europe are the two most capable, credible, informed and thorough sources of information in these regions.

Radio Free Europe and Radio Liberty have rendered decades of service in building democracy and liberty in the former East bloc. Even if President George Bush says that "the difficulty with this one is strictly on money," this should not be the last word.

ERIC NOEHRENBERG, GUNTER LEWANDOWSKI, Basel, Switzerland.

GENERAL NEWS

Latin America's Troubled Democracies

By Don Podesta

BUENOS AIRES — The all-time greatest song, President Carlos Menem recently said, is the tune that Frank Sinatra made famous, "My Way." Mr. Menem acknowledged owning 15 versions of the classic, which celebrates refusal to compromise.

For the most part, Mr. Menem has indeed had things his way — when necessary, simply by issuing decrees to get around a recalcitrant Congress.

Halfway through his six-year term, Mr. Menem has issued about 100 "decrees of necessity and urgency" on everything from sending warships to the Gulf last year to confiscating fixed-term savings deposits to donating cement to Bolivia for construction of a road. His predecessor, Raul Alfonsin, issued just eight in the five and a half years he was in office.

President Alberto Fujimori of Peru, who assumed dictatorial powers in April with the backing of the armed forces, has issued tens of thousands of regulations, compared with 200 issued by the Congress before Mr. Fujimori disbanded it, according to Hernando de Soto of the Institute for Liberty and Democracy, a private research organization in Peru. More than 99 percent of all rules in Peru are made by the executive branch, he said.

There is more to democracy than "electing a dictator every five years," said Mr. de Soto. It is also about "decisions made in a transparent way."

Elected presidents have replaced military rulers in every country across the continent in the last decade.

Most of them are embracing policies long promoted by the industrialized West: open markets and the privatization of large state enterprises. But recent signs of trouble — restrictive militaries, increasing use of rule by executive decree, weak or silenced legislatures — indicate that some of the fundamental problems that long held back the region's development of democracy are not yet solved.

President Carlos Andrés Pérez of Venezuela narrowly weathered a military coup attempt in February. Last month the legislature denied him permission to travel to Spain for a meeting of Hispanic leaders.

Colombia's president, César Gaviria Trujillo, was also kept home, as his government faced a crisis involving the escaped drug chief, Fabio Escobar Gaviria.

In Brazil, Fernando Collor de Mello, the first directly elected president there since a military takeover in 1964, is in danger of being impeached amid a scandal involving illegal use of campaign funds.

disappointing," said Ulysses Guimarães, one of Brazil's most respected congressmen. "Now people will want experienced candidates and will want to know their biographies."

Another legislator, Antonio Delfino Netto, said Mr. Collor's style had contributed to his country's "dysfunctional politics" by creating an "imperial presidency" that dominated the mass media. "Now society realizes it can't depend on one man," he said.

Mr. Collor's campaign, Mr. Guimarães said, was like Ross Perot's abortive foray into presidential politics in the United States, "against the parties and messianic." But Mr. Guimarães acknowledged that Mr. Collor's campaign struck a chord among Brazilian voters by addressing a major weakness in South America's young democracies: ineffectual legislatures.

"Democracy doesn't function well because the parties don't function well," Mr. Guimarães said.

Changing the system of legislative representation to single-member districts would go a long way toward making the Brazilian Congress more responsive, Mr. Guimarães and other Brazilian legislators have argued.

The Peruvian Congress that Mr. Fujimori closed, elected it of obstructing his policies, was also elected under a system of party lists. Traditionally in Peru, Mr. de Soto said, the politicians who get on the lists are chosen by party bosses, or *candillos*, and as a result "the allegiance of a Peruvian congressman is to his *candillo*, not to his constituency."

EUROPEAN TOPICS

Big Mac to Buttress An English Cathedral

Big Mac hamburgers have come to the rescue of Britain's tallest spire. McDonald's, the American hamburger chain, will help finance the upkeep of England's 13th-century Salisbury Cathedral, according to British press reports.

Under an agreement between the cathedral, a popular tourist attraction 130 kilometers (80 miles) southwest of London, McDonald's has provided souvenir scrolls that illustrate the history of the cathedral. The scrolls are held by wrappers that bear the distinctive McDonald's golden arches and a coupon for a free hamburger at the chain's restaurant nearby.

Describing the scrolls as made of "parliament type material," Salisbury's chapter clerk Christopher Owen said the sponsorship will help with the £230,000 (£40,000) it costs each year to maintain the Gothic cathedral, which has a soaring 400-foot (122-meter) spire.

Mr. Owen dismissed sugges-

Italian Archaeologists Seek Seabed Relics

Italian archaeologists began a full-scale underwater search this week of the seabed near the southern port of Brindisi where divers located fragments of bronze statues three weeks ago.

The fragments, which include a bearded head and a foot, are thought to belong to seven different statues dating to the fourth century B.C. and the third century A.D. The discovery has been hailed as the most significant since two bearded statues known as the "Bronzes of Riace" were found off the coast of Calabria in 1972.

Archaeologists say the fragments, which were first located by Major Luigi Robusto, a police diver, about 16 meters below the surface, may have been part of the cargo of a Roman vessel shipwrecked on its way back to Brindisi from Greece.

Around Europe

The Dutch government has put up for sale a World War II art bunker designed to house *Dutch Masters*. The round structure, which is about 30 meters in diameter and has a nine-meter thick ceiling, was built in the eastern village of Paasloo in 1942 when the Nazi occupation of the Netherlands made it a prime target for Allied bombers. In the last three years of the war it held 3,000 paintings from Amsterdam's Rijksmuseum, among others. Like many other wartime defensive works erected by the Nazis that dot the Dutch countryside, the "pantheon," as the locals call it, is unoccupied but too costly to tear down. The Finance Ministry, which is responsible for selling the bunker, is taking offers.

The wild mushrooms that caused waves of poisonings in Russia and Ukraine this summer may have been "mutant" toad-

Sytske Looijen

PROVISIONAL AIRPORT AUTHORITY HONG KONG EXPRESSION OF INTEREST The Provisional Airport Authority has been charged with building, developing and managing Hong Kong's replacement airport. The largest single facility of the new airport is the Terminal Building which will be designed to handle 35 million passengers per year in its initial phase of development. included within this building is an: AUTOMATED PEOPLE MOVER (APM) SYSTEM which will connect the processing building with the concourse. The Authority wishes to prequalify suppliers of APM systems to supply, install and commission such a system at Hong Kong's replacement airport. Interested companies who have a proven track-record in APM system supply and installation are invited to apply by fax for a set of prequalification documents to: The Project Director, Provisional Airport Authority Hong Kong, 25th Floor, Central Plaza, 18 Harbour Road, Wanchai Hong Kong (Prequalification for APM system) FAX NO: (852) 824 3977 ENQUIRES: (852) 824 7372 Expressions of interest should be received by Friday 21 August 1992, 12 Noon. Prequalification Briefs will be issued immediately upon receipt of expressions of interest. The deadline for receipt of prequalification information will be Friday 4 September 1992. All submissions should be in the English language. All costs associated with any submission in response to this notice are entirely the responsibility of the applicant organisation(s) concerned. The PAA reserves the right to reject any organisation's application at its discretion and without explanation.

HEALTH / SCIENCE

Herpes: Thriving on Secrecy and Ignorance

By Jane E. Brody
New York Times Service

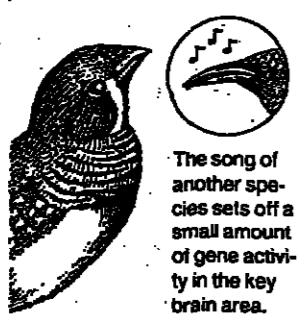
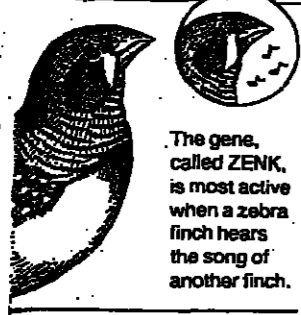
NEW YORK — The woman wrote that although she is young, attractive and in love, her life has been destroyed by genital herpes, an incurable venereal infection that she is too ashamed to reveal to anyone, especially the man who loves and wants to marry her. She explained that she had contracted herpes during her one previous relationship with a man. She said the infected man had known that he had herpes but had neither told her nor done anything to protect her from the viral disease. A decade ago, herpes sent a wave of panic through participants in the so-called sexual revolution. Now, in the wake of publicity about the AIDS epidemic, genital herpes is nearly forgotten but hardly gone. About 30 million Americans — 16 percent of people between the ages of 15 and 74 — are believed to harbor this contagious virus, which takes up lifelong residence in the body and emerges from time to time to produce painful blistering sores on and around the genitals. Each year, many thousands of people join the unfortunate ranks of the infected. Most of them, like the young woman, are not promiscuous. The problem with herpes is that some infected people do not realize that they harbor the virus and can transmit it to others through sexual intercourse or oral sex. And the many who know they have herpes often do not realize that they can sometimes spread the virus even when they do not have a noticeable outbreak.

The infection thrives on ignorance and secrecy because those who are infected are understandably reluctant to discuss genital herpes with anyone and because physicians are often ill informed about the problem and insensitive to the despair that can accompany it. Yet experts say the emotional and physical toll of herpes can be dramatically reduced by information, emotional support, medication and precautionary health practices. The young woman, who anonymously requested help from The New York Times, may have a fulfilling life ahead after all. Herpes viruses, and there are many different kinds, have a nasty habit of hiding from the body's immune defenses by seeking sanctuary in the nervous system. After the initial infection, the virus can travel along nerves to their roots, where the virus lingers, quiescent, until circumstances encourage it to reappear. Various factors, including illness, skin irritation, fever and stress, can prompt the virus to travel back along the nerves to the skin, where the characteristic sore develops. As with the herpes virus that causes cold sores around the mouth, the genital herpes virus first causes itching, tingling or pain, which is soon followed by an eruption that usually blisters, crusts and scabs over. Within about two weeks, the scab falls off and the skin once again appears healthy and normal. The first attack, usually within 10 days of exposure, is often accompanied by local swelling and flu-like symptoms, including fever, headache, muscle aches and fatigue. However, subsequent outbreaks rarely have any symptoms except the genital sores, and those usually become less severe and briefer with time. Recurrences may occur as often as several times a month or as infrequently as once every year or longer. The virus is spread by skin-to-skin contact only when the infection is active. People who develop the sores can spread the virus from the time that the first tingling is felt until the last scab falls off. However, the active infection is essentially symptomless in some people or produces such minor symptoms as to go unnoticed or undiagnosed. These asymptomatic carriers are, in effect, the Typhoid Marys of genital herpes. TYPE 1 herpes usually causes cold sores, and type 2 usually causes genital herpes, but the types overlap, and the genital infection can be acquired through oral sex with a partner who has a herpes outbreak on the mouth. Experts say that to reduce the risk of spreading genital herpes, people with known active infections should practice abstinence until their sores are completely healed and use protective measures during sexual activity at all other times. The protective measures are the use of latex condoms along with a spermicidal jelly or cream, which can inactivate the herpes virus as well as other organisms that cause venereal disease. But there are no guarantees. Having intimate contact with someone who has had genital herpes, even if the outbreak occurred years ago and never recurred, always carries some risk of acquiring the infection. But someone who acquires the virus from an infected partner may not develop herpes sores, even though he or she could pass the infection along to someone else. One person in 10 who has a first outbreak never has a recurrence. While there is no cure for a herpes infection, the severity and duration of an attack can be reduced by an anti-viral drug, acyclovir (Zovirax), if it is taken for 10 days during the initial outbreak or for five days at the first signs of a recurrence. The drug is usually taken orally five times a day. Various treatments may also be applied to the affected area to relieve discomfort and speed healing. For those who have frequent or especially severe outbreaks, acyclovir may be given continuously to suppress the virus, with a break in the medication routine every six months to see if it is still needed. From the first inkling of a herpes outbreak, patients should avoid touching the affected area, since the virus can be transmitted by contaminated fingers. Washing soon after with soap and water can cleanse any body part that may have picked up the virus accidentally. A survey conducted last July by the American Social Health Association among 5,000 men and women infected by herpes revealed that even years after the first attack, feelings of isolation and depression are commonplace. More than half of the 62 percent who responded to the survey reported feeling depressed, and an equal number said they feared rejection in social situations.

With Music Gene, Birds Spot Rivals

By Natalie Angier
New York Times Service

NEW YORK — Male songbirds must be as adept at appreciating music as they are at making it. A male must sing to seduce a mate and to define the boundaries of his territory; but he must also know the songs of all the birds surrounding him, to distinguish between harmless and threatening tunes. Now researchers have discovered the first molecular clue to how male songbirds recognize the melodies of other males. Studying canaries and zebra finches, Dr. Claudio V. Mello and his colleagues at Rockefeller University in Manhattan have identified a gene that is one of the first to respond in the brains of birds when they hear the songs of other members of their species. The nerve cells that react are in a part of the brain thought to be the avian equivalent of the mammalian auditory cortex, where incoming sound signals are integrated and interpreted. The scientists do not yet know the purpose of the gene, which goes by the distinctly unmusical acronym of ZENK, but they believe its activation is one of the earliest events in the formation of a permanent memory in the brain. The scientists found that the ZENK gene responds most vigorously when the bird hears songs of other males of its species, less robustly when the animal is exposed to the calls of a different songbird species and not at all when a tape of non-song tones is played. That discrepancy in responses suggests that the gene helps the bird focus on the most important type of sound: the arias of potential competitors. The experiment is part of a growing effort among biologists to bridge the canyon between microscope and macrocosm. Dr. Mello's research is an attempt to apply the precision of molecular biology to the somewhat scruffier world of bird behavior. While other researchers have studied the neurobiology of bird song and have mapped centers of the brain that are critical to singing, the latest report describes the individual genes at work within those neural domains. It appears in the current issue of The Proceedings of the National Academy of Sciences. This is one of the first links I'm aware of between research on a natural learning process and the switching on of a gene, said Dr. Peter Marler of the University of California at Davis, an authority on the behavior of bird song. The Rockefeller researchers chose to examine the ZENK gene in bird brains because it had been shown through other experiments to participate in brain activity and to respond to changes in stimulation. To look at the patterns of gene activity in birds, the scientists took a total of 24 adult male canaries and zebra finches, and kept the birds in isolation for 24 hours. Each male was then put in a box and exposed for 45 minutes to a tape recording of a same-species song, another species' song, or simple tones. During each session, the bird would sit quietly and in apparent concentration, as birds normally do upon hearing the chirrups of other males. Afterwards, the bird was killed and its brain was cut into sections about one cell thick. Using a radioactive probe corresponding to the ZENK gene, the researchers looked for evidence that the gene was active, or expressed, in different parts of the brain. They found that gene expression was most pronounced in those birds that had heard their compatriots' songs. Dr. Mello said he believed that the arousal of the gene probably began quite early in the listening exercise, perhaps in fewer than 10 minutes.



The gene, called ZENK, is most active when a zebra finch hears the song of another finch.

The song of another species sets off a small amount of gene activity in the key brain area.

The gene may start a molecular program that alters neurons to assure that the bird learns the song of any male it encounters.

Schematic drawing of brain. High ZENK activity. Source: Proceedings of the National Academy of Sciences. Author: Natalie Angier/The New York Times.

A New Messenger For Signals to Brain

By Sandra Blakeslee
New York Times Service

NEW YORK — Ten years ago, scientists were surprised to learn that a constituent of meat and potatoes, the common amino acid glutamate, was a potent carrier of brain signals. Three years ago, they were startled to learn that a poisonous substance, nitric oxide, also transmitted information between nerve cells. But the latest finding about such carriers of brain signals, the neurotransmitters, that allow people to think, dream and wiggle their toes, is raising eyebrows in the laboratory. A chemical called ATP, or adenosine triphosphate, found inside every living cell in almost every living creature, a molecule that is to the cell what gasoline is to the internal combustion engine, a substance that provides the energy that makes life possible, has a completely unexpected role in the brain. Acting outside cells, ATP can transmit messages between nerve cells in the brain and between those that reach out to all parts of the body, in effect "talking" to the intestines, heart, bladder, reproductive system, lung, pancreas and immune system. "It was known that some neurons could be sensitive to ATP," said Dr. Bruce Bean, a neuroscientist at Harvard Medical School. "But this is the first direct demonstration that ATP is a classical neurotransmitter. We don't know the significance. Will it be in neurons we care about or used by relatively few neurons?" Dr. Bertie Hille, a prominent neurobiologist at the University of Washington in Seattle, said the significance of ATP in the brain had not yet been determined. "That it can act alone is new," he added, and the finding may lead to new drugs for a variety of diseases. Neurotransmitters are like intricate languages that transmit complex information, and new ones do not come along very often, the scientists said. This one could be a

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Luxembourg L.Fr.	13,000	21,400	7,100
Netherlands H.	710	1,180	390
Norway N.Kr.	3,300	5,600	1,800
Portugal Esc.	45,000	76,400	25,000
Spain Ptas.	45,000	67,500	25,000
—**hand deliv. Madrid Ptas.	55,000	69,500	27,500
Sweden (airmail) S.Kr.	2,900	4,300	1,600
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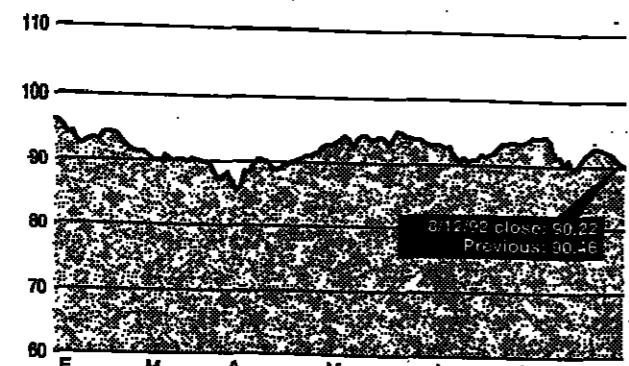
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Region	Approx. weighting	Close	Prev.	% change
Asia/Pacific	25%	72.07	72.04	+0.04
Europe	40%	97.47	97.74	-0.27
N. America	35%	93.15	93.50	-0.35

Industrial Sectors	Wtd. %	Prev. %	% change
Energy	95.91	96.15	-0.25
Utilities	82.77	83.01	-0.29
Finance	72.80	72.35	+0.45
Services	97.25	97.55	-0.31
Capital Goods	95.67	95.17	+0.50
Raw Materials	99.20	99.98	-0.78
Consumer Goods	96.94	97.49	-0.55
Miscellaneous	103.78	104.69	-0.92

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 381 Avenue Charles de Gaulle, 92251 Neuilly Cedex, France.

INTERNATIONAL MANAGER

Top Levels of Corporations Lack Women, Minorities

By Shari Rudavsky
Washington Post Service

WASHINGTON — Labor Secretary Lynn M. Martin, who is scheduled to nominate President George Bush at next week's Republican National Convention, conceded that little progress has been made since she vowed a year ago to help women and minorities land America's top corporate jobs.

"We continue to find a general absence of minorities and women at the highest levels in the corporate work force, in the developmental programs and in credential-building assignments," Mrs. Martin said in releasing a status report on the issue.

"She noted that only 7.5 percent, or 99, of the 1,315 board members at America's 100 biggest companies are women. Only 27 women, or 11.5 percent, hold leadership jobs in 25 big unions."

Mrs. Martin denied that politics motivated the timing of the report's release. "And did I stop beating my husband?" she joked, adding that the release was planned before she was picked to deliver the nominating speech in Houston. Mrs. Martin did, however, emphasize an administration commitment to advancement for women and minorities and said 46 percent of the president's appointees have been in those categories.

The Labor Department conducted reviews during the past year, and eight of nine Fortune 500 companies audited had since complied with rules mandating equal opportunity for women and minorities. "Much is being done in corporate America to eliminate barriers," Mrs. Martin said. "Much, however — too much — remains to be done."

The report found that the main barriers to advancement include recruitment, lack of opportunity to participate in corporate development programs, performance measures and mobility. Mrs. Martin said, for example, the Labor Department's recent agreement with the Small Business Administration aims to educate smaller firms on gender and race discrimination.

The SBA administrator, Patricia Salki, said many small businesses — with 500 employees or fewer — are owned by women or minorities. When women and minorities reach the end of corporate opportunity, or the so-called glass ceiling, they often decide to start companies of their own. "They bring with them the history of frustrated goals and ambitions, and they vow not to replicate those patterns in their own small companies," she said.

CURRENCY & INTEREST RATES

Cross Rates	Aug. 12
Australian dollar	1.08 1.07
British pound	1.62 1.61
Canadian dollar	0.71 0.70
Deutsche mark	1.54 1.53
French franc	6.54 6.53
Japanese yen	148 147
Swiss franc	1.48 1.47
U.S. dollar	1.00 1.00

Inflation On Wane In U.S.

Pressure Mounts For Cut in Rates

By Robert D. Henshey Jr.
New York Times Service

WASHINGTON — Prices received by U.S. producers for finished goods rose a skimpy one-tenth of 1 percent in July, as the economy's weak recovery kept a tight rein on inflation. Labor Department figures showed Wednesday.

Energy costs fell for the first time in six months, and peaches and other fresh fruits slid by the biggest amount in more than two decades, helping keep food prices steady.

Nor was there anything disturbing at earlier stages of processing, where there had been some hefty increases in preceding months. The government found intermediate and crude goods unchanged in July.

"There is very little inflation pressure," said Ben K. Han, an economist for Philadelphia-based CoreStates Financial Corp. His bank pared its estimate of 1992 inflation to below 3 percent, and said it saw the possibility the rate would approach 2 percent a year from now.

Although it was not unexpected, the latest evidence of subdued inflation raised hopes in some quarters that the Federal Reserve Board might cut interest rates in support of the sluggish economy. The Fed's main policymaking body, which is to meet Tuesday to set a monetary course for the following seven weeks, will also have figures on consumer prices for July by then. They are due to be published Thursday.

The 0.1 percent rise of finished goods prices last month followed May and June advances averaging 0.3 percent and brought the rise for the last 12 months to 1.7 percent.

When food and energy are excluded, however, this so-called core rate of producer inflation rose 0.2 percent for July after edging down 0.1 percent in June.

Gasoline and home heating oil prices turned down after a sharp June rise and increases for fresh vegetables, fish, beef and milk products were offset by lower prices for fruit, poultry, shellfish, fats and oils, pork and roasted coffee.

Among swings in fruits and vegetables were plums of 44.5 percent for peaches, 41.2 percent for strawberries and 32.6 percent for melons. But vegetables rose 19.7 percent, as increases for potatoes and carrots approached 80 percent.

Trade Pact's Next Hurdle: U.S. Politics

By David E. Rosenbaum
New York Times Service

NEW YORK — The trade agreement reached Wednesday between Canada, Mexico and the United States cannot go into effect until it is approved by the U.S. Congress. And before Congress votes next year, an important event will intervene: the election in November.

If Bill Clinton is elected president, he will certainly want to put his own stamp on the deal. That might mean reopening

NEWS ANALYSIS

negotiations with the Canadians and Mexicans. Or it might mean restating the legislation put forward by President George Bush to set the pact into effect.

If Mr. Bush is re-elected, he will face relentless demands from Congress for more money to retain workers who lose their jobs because of the agreement and for new assurances on environmental protection.

Most of this has almost nothing to do with trade policy and almost everything to do with politics.

At heart, Mr. Clinton is a free-trader, his economic advisers say. But he has been campaigning around the country saying he could get a better trade deal for Americans than Mr. Bush has.

"I believe we could have a free-trade

agreement with Mexico that would be good for the country," Mr. Clinton said in a recent interview. "But I don't know if it would be the kind Mr. Bush would sign."

What is more, Mr. Clinton is a Democrat. While labor unions, the chief opponents of the trade pact, do not have the strength in his party they once did, they do provide Democrats with essential organization, enthusiasm and money. So Mr. Clinton cannot turn his back on them.

For his own political reasons, Mr. Bush was eager to get the trade negotiations completed before the Republican convention begins next week.

First, he and his advisers want to use the convention to drive home the point that there are domestic benefits to Mr. Bush's skills in foreign affairs, and the trade pact helps the argument. Second, Mr. Bush's camp relishes the idea of using the convention as a forum for portraying Mr. Clinton as a mouthpiece for organized labor.

As for Congress, countless members have promised during their own election campaigns that the trade agreement would be accompanied by ample job retraining and environmental protection measures.

Whatever Mr. Bush proposes in this regard, the lawmakers will almost certainly find insufficient if for no other reason than to generate an issue so that they can show how they keep their campaign promises.

More than perhaps any other issue,

trade causes dissonance between scholars and politicians.

Most economists have been trained that unfettered trade is the best policy, and they teach that to their students. On paper, it is the best policy. When all the economic benefits from free trade are tallied, and all the benefits from protection are tallied, free trade almost always comes out ahead.

But politics runs on votes, not theories, and most politicians at one time or another have sought protection from international competition for their constituents. That is because while many people gain a little bit from free trade, a few people are often hurt a great deal.

Not surprisingly, the ones who are really hurt are the ones who cry the loudest — and the ones politicians tend to listen to.

In the case of the agreement with Mexico, the evidence is that it would promote economic growth, jobs and wealth, allow consumers to buy a greater variety of goods at lower prices and help solve the problem of illegal immigration into the United States from Mexico.

To take one small example of how ordinary people and the overall economy would benefit, almost all families in the United States would pay a few cents less for frozen, concentrated orange juice if more of it was imported from Mexico. They would have that money to save, invest or spend elsewhere.

But rare are the politicians who would take a strong stand to save their constituents a few pennies on orange juice. On the other hand, most lawmakers would go to the mat to block the plan if it put citrus growers or producers in their states out of business or cost their districts jobs.

Gary Hufbauer and Jeffrey Schott of the Institute for International Economics have calculated that by 1995, the North American Free Trade Agreement would result in about 325,000 new jobs in the United States, while costing about 150,000 jobs. That sounds favorable. But it would probably not be apparent exactly which new jobs were the consequence of the trade agreement, while it would be absolutely clear which were the ones that were lost.

The strongest supporters of the pact tend to be in states along the Mexican border. A free-trade arrangement would allow businesses there to offer more goods and services to the Mexican market. And growth in the Mexican economy would mean that fewer immigrants would try to cross the border illegally.

The most vocal opponents are in the Midwest. Workers there in the car industry and other manufacturing sectors fear companies will move their plants to Mexico to take advantage of its lower wages.

So whoever is elected in November, political blood is likely to be lost next year over the trade agreement.

Zenith: Winners and Losers

By Stuart Auerbach
Washington Post Service

WASHINGTON — Zenith Electronics Corp., the last U.S. company still making television picture tubes in this country, will be a big winner from a North American Free Trade Agreement.

Under the agreement, picture tubes must be made in the United States, Mexico or Canada for TV sets to be sold duty-free in North America.

This gives Zenith, the five Japanese firms and two European companies that make tubes in the United States and Canada a price advantage over Asian rivals that now will have to pay a 5 percent tariff on TV sets they bring into the United States with imported tubes. This is on top of a 15 percent tariff to bring tubes to Mexico. Those tubes previously came in duty free if they were later exported as part of TV sets assembled there.

"The new trade pact will hurt Far Eastern producers — that presently are dumping picture tubes in the United States through a final assembly plant in Mexico," said Chairman Jerry Pearlman of Zenith, which has won a series of rulings showing that Asian competitors are illegally selling TV sets in the United States at less than their fair market value.

Mr. Pearlman said the trade agreement should result in more jobs in picture-tube producing plants in North America, including his company's facility in Melrose Park, Illinois.

The companies making picture tubes are not the only gainers from NAFTA. Two U.S.-Japanese joint ventures that make the special glass for the

tubes also will gain, as will U.S. corn growers, truckers, automakers, manufacturers of telecommunications equipment, banks, insurance companies, construction and engineering firms and brokerage houses, industries that have long been shut out of Mexico.

Among the losers could be U.S. fruit and vegetable growers, sugar producers and manufacturers of glass products.

Although Zenith as a corporation stands to gain big from NAFTA, some of its workers lose from the closer economic links with Mexico. Others will gain.

The low-wage, low-skilled workers at the Zenith TV assembly plant in Springfield, Missouri, are among the biggest losers. Zenith announced in October it is closing that plant and moving the jobs to Mexico, where workers earn about one-tenth of the average \$11.27 an hour in wages and fringe benefits of the Springfield employees.

The winners include workers from the same union — the International Brotherhood of Electrical Workers — who hold higher-paying jobs requiring greater skills at Zenith's picture-tube manufacturing plant in Melrose Park. Some of the more skilled workers there make two to three times the Springfield wage rate, company executives said.

"The idea behind NAFTA is that there will be more high-wage gainers in service and manufacturing industries than low-wage losers, meaning a net plus for employment, production and economic growth in the United States. But that is a hard case to sell to workers who lose their jobs as U.S. manufacturers move factories to Mexico."

NAFTA Is Short of EC As an Integrated Bloc

By Lawrence Malkin
International Herald Tribune

NEW YORK — The North American Free Trade Area will fall far short of the integration achieved by the European Community, and has no pretensions to emulating it.

Unlike the EC, NAFTA will not be a customs union with a common external tariff. The three participating nations cede no sovereignty to a central authority.

The agreement does, however, emphasize the worldwide trend of industrialized nations to form regional trading blocs. There has been some fear in the United States that low-wage Mexican assembly plants could serve as a back door for Japanese imports into the United States, especially in cars and light trucks.

Although the trend toward trading blocs was part of the impetus, more important was the desire of President Carlos Salinas de Gortari of Mexico to create a free-trade zone to anchor his administration's market-oriented reforms. This, too, was a major consideration of the United States.

The European ideal of free movement of labor is the opposite of policies behind NAFTA, which contains only a limited relaxation of immigration rules for professional and managerial personnel.

There is no agricultural or social policy, no attempt at a regional policy to rectify the imbalances between, on one hand, the United States and Canada, and on the other hand, what is essentially a Third World country. There is a limited mechanism for settling trade disputes, somewhat stronger than the General Agreement on Tariffs and Trade but nowhere near the Brussels structure.

There was no attempt to impose common health, environmental and safety standards, although opponents may try to move in that direction. Monetary coordination was not even discussed.

Deflation Fears Send Gold Lower

Compiled by Our Staff From Dispatches

CHICAGO — Gold plummeted to a three-month low and prices of other commodities also fell sharply on Wednesday amid concerns that the U.S. economy may be embarking on a period of deflation, analysts said.

Gold for delivery in December finished \$8.90 lower, at \$342 an ounce, on the Commodity Exchange in New York. Weakness in futures was triggered by a drop in gold bullion below \$345, analysts said. Bullion closed \$8.55 lower, at \$339.25 in New York.

Analysts said the gold market was unmoored by a drop in the Commodity Research Bureau's index of 21 commodities to a six-year low Wednesday. "Not only did it reduce inflation fears, it started deflationary hysteria," said Bernard Savitz, senior metals analyst with PaineWebber.

Additionally, the government reported the producer price index rose only 0.1 percent in July.

"There's a general deflationary trend in raw materials," said Philip Gottlieb, editor of Commodity Futures Forecast, based in Guttenberg, New Jersey. "Coffee is down, cocoa is down, the grains are down, the whole damn thing is in the dumps."

At New York's Coffee, Sugar and Cocoa Exchange, coffee for September delivery fell 2.05 cents, to 50.75 cents a pound, the lowest since 1975. Expectations that Colombia, the second-largest coffee producer, will aggressively sell its beans depressed the market, analysts said.

Prices of other precious metal futures sank along with gold. Silver for delivery in September closed 12 cents lower on the Commodity Exchange, at \$3.775 an ounce, a new low for the contract. Platinum for delivery in October settled \$13.40 lower on the New York Mercantile Exchange, at \$354.90 an ounce, the lowest in more than three months.

The absence of massive interest in South Africa, the world's largest producer of platinum and a leading producer of gold, also weighed on prices, Mr. Savitz said.

Bucking the weak trend, energy futures rose on unconfirmed reports that Iraqi troops were moving toward the Kuwaiti border. September crude oil rose 17 cents, to \$21.08 a barrel. (Bloomberg, Reuters)

Hong Kong Begins Allied Investigation

Compiled by Our Staff From Dispatches

HONG KONG — The government on Wednesday launched an investigation into the affairs of the Allied group, controlled by the Malaysian businessman Lee Ming Tee, and it suspended trading in shares of the conglomerate and affiliated companies.

The group has interests in real estate, manufacturing, trade and the food industry.

The government said Financial Secretary Hamish Macleod, acting on the recommendation of the Securities and Futures Commission, had appointed an inspector to investigate five companies in the group: Allied Group Ltd., Allied Properties (HK) Ltd., Crusader Holdings Ltd., Paragon Holdings Ltd. and Wai Yick Ltd.

Wesley McDade, senior manager for public affairs and policy at the commission, refused to say why the watchdog body had acted. When asked how long investigations had been under way, he said he was not in a position "to say that or why we have made these recommendations."

Commission officials also refused to say how

long the stock-trading suspension would remain in effect.

A government spokesman said Mr. Macleod had acted according to the powers given him under clause 143(1)(c) of the colony's companies ordinance. This clause empowers the financial secretary to launch investigations into companies suspected of fraud, among other things.

Trading also was suspended in shares of Allied Industries International Ltd., Asia Securities International Ltd., Paramount Printing Group Ltd., Smita Manufacturing and Tung Wing Steel Holdings Ltd. The length of the suspensions also was not specified.

The 10 companies have interests in a variety of businesses from real estate development to manufacturing to financial services in countries including Brazil, Britain, China, Hong Kong and Malaysia.

Patrick Leung, a spokesman for the securities watchdog panel, said a more detailed announcement would be made at a later date. "All we can say is we need more facts from these companies," he said.

The securities panel said that while the inspector would look into the affairs of the specified five companies, it would also probe "certain dealings" by the other five companies that have been suspended.

The Allied group said it intended to cooperate fully in the investigation and hoped the matter could be resolved quickly. It said it had not had any contact so far with the securities commission or the stock exchange on the matter.

The suspension of Allied securities contributed to a decline in Hong Kong shares, analysts said. The Hang Seng index dropped 7.56 points to 5,879.19. The index had surged 70 points earlier.

In Kuala Lumpur, shares of the Malaysian construction concern Pilecon Engineering fell after news from Hong Kong that the colony was investigating the Allied group. Lee Ming Tee had according to some reports recently bought a substantial stake in Pilecon, but a Pilecon spokesman denied the reports. (Bloomberg, AP, AFX, AFP)

Banks Consider Canary Wharf Offer

Compiled by Our Staff From Dispatches

LONDON — Bank creditors of Canary Wharf, the huge London property of Olympia & York Developments Ltd. that is under court administration, are considering an offer of £300 million (\$376 million) from a consortium of investors, financial sources said Wednesday.

The offer, from investors including the CBS Inc. chairman Lawrence A. Tisch and the former Salomon Brothers Inc. vice chairman Lewis Ranieri, is the only serious one since Canary Wharf went on sale in May after Olympia & York sought court administration for the project, the sources said.

It would give the consortium the lion's share of the equity in Canary Wharf and relegate the banks to second place in seniority.

The offer is supported by Canadian banks and Citicorp, one banker said.

An executive at Canary Wharf's administrators, the Ernst & Young accounting firm, said Olympia & York and its 11 banks will meet in London on Thursday to discuss the project. Sources said the consortium offer would be discussed, although they said some of the banks

were skeptical and would like to explore alternatives.

"We will only go along with the offer if we can be persuaded that the value of the project is sufficiently improved by the cash injection that it is worth being No. 2 in the new setup rather than No. 1 in the old," the banker said.

Accepting the offer could mean heavy write-downs for the banks, but it would enable a planned extension to Canary Wharf of London's underground railway to go ahead. The British government has made the £1.7 billion extension contingent on getting £100 million of private financing.

Olympia & York placed Canary Wharf under British insolvency protection shortly after taking a similar step with its Canadian business after failing to restructure its \$12 billion in debts. Since then, Paul Reichmann, Olympia & York's chief, has been seeking investment partners to regain control of the project.

Mr. Reichmann would keep a small portion of the project's equity if the consortium offer is accepted, the banker said.

Mr. Reichmann has approached Mr. Ranieri, who runs the invest-

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BANQUE NATIONALE DE PARIS
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The rate of interest applicable to the interest period from 10 August 1992 to 10 February 1993, as determined by the reference agent is 5.25% per cent per annum namely USD 268.33 per bond of USD 10,000.
Source: Reuters

MARKET DIARY

Poor Note Auction Depresses Stocks

NEW YORK — U.S. stocks closed lower Wednesday after the Treasury's sale of 10-year notes drew less demand than expected. The auction results fueled a slide in bond prices and set off computerized sell orders for stocks. The Dow Jones industrial average fell 10.27 points, to 3,320.83.

Investors largely ignored a Labor Department report that the producer price index rose just 0.1 percent in July. But a drop in the Commodity Research Bureau's index of 21 commodity prices, which fell 1.46 to a new six-year low of 198.38, hammered mining stocks. Newmont Mining dropped 3% to 44%, Newmont Gold slid 3% to 40% and American Barrick Resources lost 1% to 27%.

Central Banks Absent As Dollar Edges Lower

NEW YORK — The dollar edged mostly lower in thin trading on Wednesday as central banks refrained from intervening after Tuesday's support of the U.S. currency. "After yesterday, there's not much central banks can do apart from hold their heads in shame," said Henry Wilkes, foreign exchange manager at Bank Julius Baer.

The dollar ended at 1.4632 Deutsche marks, down a bit from 1.4659 at the Tuesday close and significantly below the 1.4790 it reached after at least 15 central banks bought the currency on Tuesday.

Dealers said the intervention on Tuesday by the U.S. Federal Reserve Board and more than a dozen other central banks failed to bring a real turnaround in currency market sentiment.

The market instead persisted in focusing on the gap between U.S. interest rates, the lowest for around 30 years, and German rates that are at their highest level since World War II. "We need monetary policy to back up a dollar rise," said a dealer at a Japanese bank in New York. "The central banks are getting less and less effective."

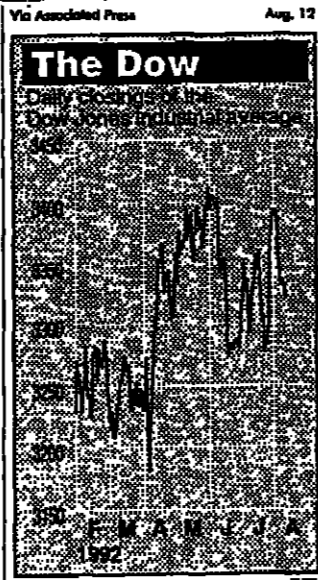
In other New York trading, the dollar fell to 127.30 yen from Tuesday close of 127.97, and it fell to 4.9590 French francs from 4.9665. But the U.S. unit edged up to 1.3205 Swiss francs from 1.3198 at the Tuesday close.

The pound rose to \$1.9305 from \$1.9280. Earlier in London, the dollar ended at 1.4633 DM, down from 1.4730, and it fell to 127.20 yen from 128.075. The dollar also fell to 1.3220 Swiss francs from 1.3250 and to 4.9630 French francs from 4.9915.

The pound rose to \$1.9890 from \$1.9195, but it fell to 2.8236 DM from 2.8282.

Dealers were nervous about a move by the Bundesbank, which drained 2.4 billion DM from the money markets in repurchase agreements and left the 28-day repo rate unchanged at 9.7 percent, highlighting the gap between U.S. and German rates.

Also in London, the Australian dollar fell below 72 U.S. cents for the first time in two years. (Reuters, Bloomberg)



The Dow Jones Industrial Average

Aug. 12

Vol. High Low Last Chg.

United 2522 2522 2522 2522 0

IBM 170 170 170 170 0

Microsoft 34 34 34 34 0

Intel 37 37 37 37 0

Oracle 21 21 21 21 0

Novell 18 18 18 18 0

Lotus 12 12 12 12 0

Apple 11 11 11 11 0

3Com 10 10 10 10 0

Perseus 8 8 8 8 0

Viewpoint 7 7 7 7 0

Parsons 6 6 6 6 0

Chrysler 5 5 5 5 0

General 4 4 4 4 0

Ford 3 3 3 3 0

Chrysler 2 2 2 2 0

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Martin Marietta Won't Match Loral. DALLAS (Reuters) — Martin Marietta Corp. said it would not raise the stakes in its \$440 million agreement to buy two LTV Corp. units...

Hertz to Cut Back New Car Purchases. PARK RIDGE, New Jersey (AP) — Hertz Corp. will reduce its new-car purchases by one third in the 1993 model year...

Banner to Buy Pan Am Spare Parts. CLEVELAND (UPI) — Banner Aerospace Inc. said Wednesday it had agreed to purchase the aircraft parts inventory of Pan American World Airways Inc. for \$45 million.

TWA Said to Lose \$1 Million a Day. WILMINGTON, Delaware (Combined Dispatches) — A witness for Trans World Airlines told the bankruptcy court Wednesday that an estimate putting TWA's daily losses somewhere between \$1 million and \$2 million this summer sounded reasonable.

GM to Reveal Additional Closings. DETROIT (Reuters) — The chairman of General Motors Corp. Robert Stempel, said the automaker is likely to identify additional factories it intends to close before the end of the year.

Buffett Increases Wells Fargo Stake. WASHINGTON (AP) — Billionaire Warren Buffett has purchased an additional 613,000 shares of Wells Fargo & Co., increasing his stake in the bank holding company to 10.75 percent from 9.7 percent...

For the Record. Tyco Toys Inc. has signed a letter of intent to buy 75 percent of Crown Trading Pty., an Australian toy distributor. No terms were given.

A.E. Staley Manufacturing Co. plans to cut salaried staff by about 25 percent.

Northwestern Steel & Wire Co. and Kohlberg & Co. said the Kohlberg affiliate KNSW Acquisition Co. acquired a 52 percent stake by buying about \$35 million in newly issued Northwestern shares.

De Beers Shares Are Battered. JOHANNESBURG — The shares of De Beers Consolidated Mines Ltd. fell more than 9 percent on Wednesday as investors reacted to the announcement that its final dividend could be substantially cut.

U.S. FUTURES. Grains. WHEAT (CBT) 1100 1100 1100 1100 0. SOYBEANS (CBT) 1100 1100 1100 1100 0.

Metals. COPPER (COMEX) 1100 1100 1100 1100 0. SILVER (COMEX) 1100 1100 1100 1100 0.

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Awaiting Europe's Arms Cuts

By Barry James
International Herald Tribune

Cutbacks in defense spending in Western Europe have been more apparent than real, a leading defense economist said Wednesday, and future reductions are likely to be "slow and gradual" rather than dramatic.

Somnath Sen, professor of economics at the University of Birmingham, England, said the fall in defense spending in Western Europe since the collapse of communism "has been very marginal indeed," stabilizing at about \$150 billion in 1988 prices.

"European military expenditures have not shown a substantial decline," Mr. Sen said, "and I would say that the reason for this is that the increase in such spending was relatively gradual compared to the major increases in the United States and the Soviet Union in the early-to-mid-1980s."

Mr. Sen is co-author with Sander Deger of a report on world military expenditure for the Stockholm International Peace Research Institute. The institute tracks such trends annually, using published data.

The report says that despite the lessened threat from the East, any peace dividend in Europe is likely to be some time in coming. Reductions in force levels or weapons programs are counterbalanced by increased costs for pensions, severance payments and resettlement, or contingencies to restrictive defense industries.

The institute's report says that European members of the North Atlantic Treaty Organization countries have reduced defense spending to trim budget deficits rather than as a response to the collapse of the Soviet bloc.

Aggregate military spending in Western Europe in 1991 remained about the same as in 1990, according to the report.

Weapons procurement fell 12.5 percent in Germany last year, largely because of the acquisition of assets from former East Germany, including MIG-29 interceptor jets. But leaving out Germany, spending on weapons in NATO rose 2.2 percent, the report says.

Mr. Sen said the only really dramatic weapons cutback in Europe since the fall of the Berlin Wall has been Germany's announcement that it was withdrawing from the European Fighter Aircraft project.

"The reduction in procurement and the decline in the demand for defense products is going to be a long process," he said. "It is not going to involve dramatic restructuring. It is going to be slow, gradual and steady."

But in the long run, he said, "I think it is inevitable that military expenditure will go down because it is politically not feasible to explain to electorates why they should be kept so high at a time of recession."

The institute's assessment coincides with the views of other observers. A United Nations committee on the potential uses of resources allocated to military activities reported that "negotiated cuts in manpower and equipment are official policy," but that "the process of developing new and sophisticated weaponry has not been halted."

The latest edition of World Military and Social Expenditures, published in Washington, says that "the promised new era in international affairs has not yet materialized in the form of significant cutbacks in arms spending."

"The crisis, then war, in the Middle East made it easier for governments to resist basic changes in budget priorities. The fever for weapons modernization appears to be infectious."

Boots Sees Heart Drug Clearance By FDA

Bloomberg Business News

LONDON — Boots Co. whose Manoplax heart-failure compound was approved by British regulators Wednesday, said it expected the U.S. Food and Drug Administration to fully approve the medication by March 1993.

The drug was under review in the United States by an FDA panel, and Alastair Eperon, spokesman for the British company said it expected "full registration" this financial year.

America already has approved Manoplax for patients intolerant of certain medicines used to treat heart conditions.

Boots said it would start "actively marketing Manoplax in the U.K. in the early autumn," where the size of the heart-failure drug market is about \$35 million (\$67.2 million) a year, Mr. Eperon said.

He said the U.S. market totaled about \$550 million a year, and the world market about \$2.2 billion.

Boots spent \$100 million to develop Manoplax, on which it began trials in 1983 and which enables the heart to pump more efficiently by reducing pressure on arteries.

Analysts said Manoplax would not turn Boots into a major drug producer but added weight to a portfolio where profit from the best-known drug, the anti-inflammatory Ibuprofen, has been pressured since its patent expired.

Boots derives about 19 percent of sales and 32 percent of profit from pharmaceuticals.

Commercial Union Gets Back to Profitability

Reuters

LONDON — Commercial Union PLC moved into the black for the first time in a prolonged recession in the second quarter, and the insurer said Wednesday that results should improve as its life insurance business expands and general premium rates rise.

The company showed a pretax profit of £2.3 million (\$4.4 million) for the second quarter after providing £15 million for damage to its headquarters caused by a bomb apparently planted by the Irish Republican Army in April.

It was still in the red over the first half, but the pretax loss narrowed to £18.1 million from £26.3 million in the same period a year earlier. It held its interim dividend unchanged at 9.25 pence a share.

The results came just one day after the rival insurer General Accident PLC reported a return to profit in the second quarter, and was slightly better than analysts had expected. Commercial Union shares rose 8 pence, to 443 pence.

"The statement was encouraging," said Youssef Zial, an analyst at Morgan Stanley.

"General insurance is beginning to benefit from the measures taken to improve profitability, while the expansion of our life business continues to make good progress," Chief Executive Tony Broad said.

Commercial Union said its objective was to restore profitability in general insurance by tightly controlling underwriting and costs and putting up premium rates.

This policy began to bear fruit in Britain in the first half, where its pretax loss narrowed to £9.5 million from £16.5 million a year ago.

Underwriting losses in Britain eased to £95.9 million from £104.3 million even though recession-related claims continued unabated. The company said a quarter of its industrial fire claims stemmed from arson, while theft claims rose 29 percent to £55 million.

Other markets took longer to respond to rate increases, especially in Europe. But pretax profit in the United States rose to £17.4 million from £6.9 million, as the company cut expenses and reduced the frequency and severity of claims.

Life insurance, which accounts for a third of Commercial Union's business, expanded strongly, with new life premiums up 34 percent.

Overall life profits slipped to £50.7 million from £53.7 million because of the effect of new business growth, which increases life profits in the future at the expense of current profits.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
1900	2800	2100		
1800	2700	2000		
1700	2600	1900		
1600	2500	1800		
1500	2400	1700		
1992	1992	1992		
Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	112.20	113.00	-0.71
Brussels	Stock Index	5,432.08	5,552.20	-2.16
Frankfurt	DAX	1,553.01	1,584.60	-0.74
Frankfurt	FAZ	613.60	614.07	-0.08
Helsinki	HEX	670.32	669.00	+0.20
London	Financial Times 30	1,715.30	1,721.10	-0.34
London	FTSE 100	2,903.10	2,908.60	-0.28
Madrid	General Index	205.76	210.20	-2.11
Milan	MIIB	790.00	786.00	+0.51
Paris	CAC 40	1,730.05	1,737.80	-0.45
Stockholm	Affarsvaeriden	864.51	905.22	-2.29
Vienna	Stock Index	338.59	339.48	-0.26
Zurich	SBS	628.00	631.20	-0.51

Sources: Reuters, AFP

Samsung Buys Eastern Germany Television Maker

Agence France-Press

BERLIN — Samsung Co. has bought one of the largest television manufacturers in former East Germany, the first major investment in the ex-Communist state by a Korean company, Berlin officials said Wednesday.

Samsung has agreed to buy Werk für Fernseh-elektronik GmbH, a Berlin company that once employed nearly 10,000 people but has trimmed its staff to 1,200, according to Norbert Meisner, the city's minister responsible for technology and for the economy.

Samsung has promised to retain 800 workers and hopes to boost the number to 1,000 within two years, he said.

Annual capacity of the German company is 1.2 million sets, giving Samsung a manufacturing bridgehead in eastern and central Europe. But the German company posted a loss of 150 million Deutsche marks (\$102.6 million) last year on sales of only 130 million DM.

Very briefly:

- Eurotunnel SA said it was making progress in talks with TransManche Link, which is claiming 14 billion francs (\$2.8 billion) in added construction costs; Eurotunnel said the dispute could be over within weeks.
 - Switzerland's consumer confidence fell to a 1992 low in July, depressed by the stagnant economy, high unemployment and the downturn in the construction sector, the Federal Office for Business Questions said.
 - Wells AG said it has formed a joint venture with its Hungarian distributor, Florin, under the name Dunawell.
 - Novo Nordisk A/S said first-half net profit rose to 649 million kroner (\$113 million) from 458 million kroner a year earlier. Sales rose 21 percent to 5.4 billion.
 - Moscow agreed to lease land to McDonald's Corp. on the historic Arbat Street for a fast-food outlet, due to open in 1994, Interfax reported.
 - Portugal said its direct foreign investment rose 47 percent, to 319.8 billion escudos (\$2.6 billion), in the first half; Britain was the largest investor, with 20 percent of the total; Total SA of France made the largest investments, including buying a stake in the state oil concern Petrogal.
 - Total said it found oil on the Halewah 2 drilling site in Yemen.
- Reuters, Bloomberg, AFP, AP

Peugeot Boosting Car Output In China

Reuters

PARIS — Peugeot SA plans to increase its car production in China from the current 20,000 a year to 150,000 by the year 2000, Philippe Marceneu, head of Peugeot's Asia-Pacific region, said Wednesday.

He also said in a published interview that Peugeot's joint venture in China had so far cost it 1.3 billion francs (\$261.7 million) but was profitable and should have revenue of 2.2 billion francs in 1992.

He said that the venture would "launch new products, helped by another quite major further investment." He refused to give any figure for the new investment.

Peugeot formed its joint venture, Guangzhou Peugeot Automobiles Co. in 1985. It owns 22 percent of the unit and Banque Nationale de Paris has 4 percent.

Chinese partners hold the rest, including a 46 percent stake for Guangzhou Automobile and 28 percent for China Industrial Trust Investment Corp.

A Peugeot subsidiary, Citroën, has also formed a joint venture in China that is to start producing cars this year.

That venture is held with Dongfeng Co., a Chinese carmaker, and will produce vehicles with parts sent from France. Production is planned to reach 37,500 vehicles.

Dongfeng owns 70 percent and Citroën has 25 percent, with the rest held by two French banks.

SPENDING: Brake on Recovery

(Continued from page 1)

Beginning in the middle of 1990, employment at military contractors plunged by more than 100,000 a year, falling to 1.19 million last month. That decline — of some 225,000 people — represents 15 percent of the 1.47 million jobs that have disappeared during the current recession, which began in July 1990.

Compounding the problem, workers for military contractors earn among the highest hourly wages in the nation, usually well above the national average of \$10.58 an hour. When their jobs disappear, consumer spending suffers more than if a lower-paid retail store clerk or office worker is laid off.

Despite the bounty of military spending, critics such as Robert M. Solow, the Nobel laureate in economic science, and Albert T. Summers, senior economist at the Conference Board, have argued that the same money used to develop civilian technologies could have made the United States more competitive with other nations, not less competitive.

The same dollars invested in rapid transit or housing or fiber-optic networks, they say, might have created more jobs and more national wealth than the investment in weaponry.

For four decades, military spending has accounted for an average of more than 7 percent of the nation's annual output of goods and services, seldom falling below 5 percent even during earlier cutbacks. Today that level has shrunk to just about 3.5 percent of the gross domestic product, and most projections see it sinking below 4 percent by 1997.

Nowhere is the effect on the military supply industry more evident than in the Labor Department's monthly employment statistics.

TRADE: Canada, U.S. and Mexico Create Economic Bloc 360 Million People Strong

(Continued from page 1)

Mr. Wilton said that the far-reaching agreement would be to reduce trade barriers with Mexico. The United States reached a separate agreement with Canada in 1988 to abolish all tariffs.

"Let's face it: Right now we have a one-way free-trade agreement with Mexico," said the U.S. trade representative, Carla A. Hills. "This dismantles tariffs 150 percent higher than ours."

Mrs. Hills said the pact represented the first trade agreement to eliminate all quotas on textiles and apparel, to grant total market access in agriculture and to establish free trade in services.

The knotiest issues holding up completion of the pact involved the crucial question of jobs in the three countries. Sources said Mrs. Hills and her counterparts from Canada and Mexico sought a formula to make sure that North American auto manufacturers gained the benefits of the agreement, not Japanese companies that want to ship parts to Mexico or Canada for assembly and then sell the finished products in the United States.

Also in dispute at the final sessions were how fast to open Mexico's oil industry to the more efficient U.S. and Canadian service companies, how long to protect industries most sensitive to imports and how to settle trade disputes among the three countries.

In Congress, the final agreement is not expected to be presented to the lawmakers until next month. They will have 90 days to work with the administration to draft implementing legislation.

Under a special "fast-track" procedure, Congress then has 90 more "legislative," or working, days to approve the deal, with no amendments permitted.

Mexico already has achieved economic gains as a result of entering into the free-trade talks. Foreign investment there, largely from the United States, has soared, reaching almost \$10 billion last year.

IMPACT: Accord Is Seen Creating New Opportunities

(Continued from page 1)

Latin American states join the North American free-trade area.

"The question is systemic and political — whether this is the precursor to the world dividing into three rival trading blocs and whether such an event will reduce or increase tensions between the blocs," said a trade analyst at the Organization for Economic Cooperation and Development.

Western Europe is rapidly becoming an ever-larger bloc, with the 12-nation European Community set to link with such nonmembers as Switzerland, Austria and Scandinavia next year to form the vast continent next year to form the 19-nation European Economic Area. The Community also is forming closer relations with Central European nations such as Czechoslovakia, Hungary and Poland.

One remaining question is how Japan will respond to these developments. Does it remain outside any bloc, playing the role of an outsider insisting that others live up to their free-trade commitments of the General Agreement on Tariffs and Trade, or does it seek to create an Asian trading bloc, the analysts ask.

Assuming Japan does organize an Asian bloc, the worrisome question to which no one has an answer is whether three players sitting around the negotiating table facilitate agreement on further liberalizing trade, or whether hostility among blocs sets the stage for a new era of rivalry and friction.

Under GATT rules, countries are free to form trading blocs and establish privileged trading arrangements so long as there is no increase in barriers to trading with outside countries.

Mr. Yeats said he believed a three-trading-bloc world would make negotiations on liberalizing trade easier. "I can't imagine the United States, the EC or Japan flouting the GATT," he said. "Its dispute procedures and its codes on government procurement and subsidies are too important."

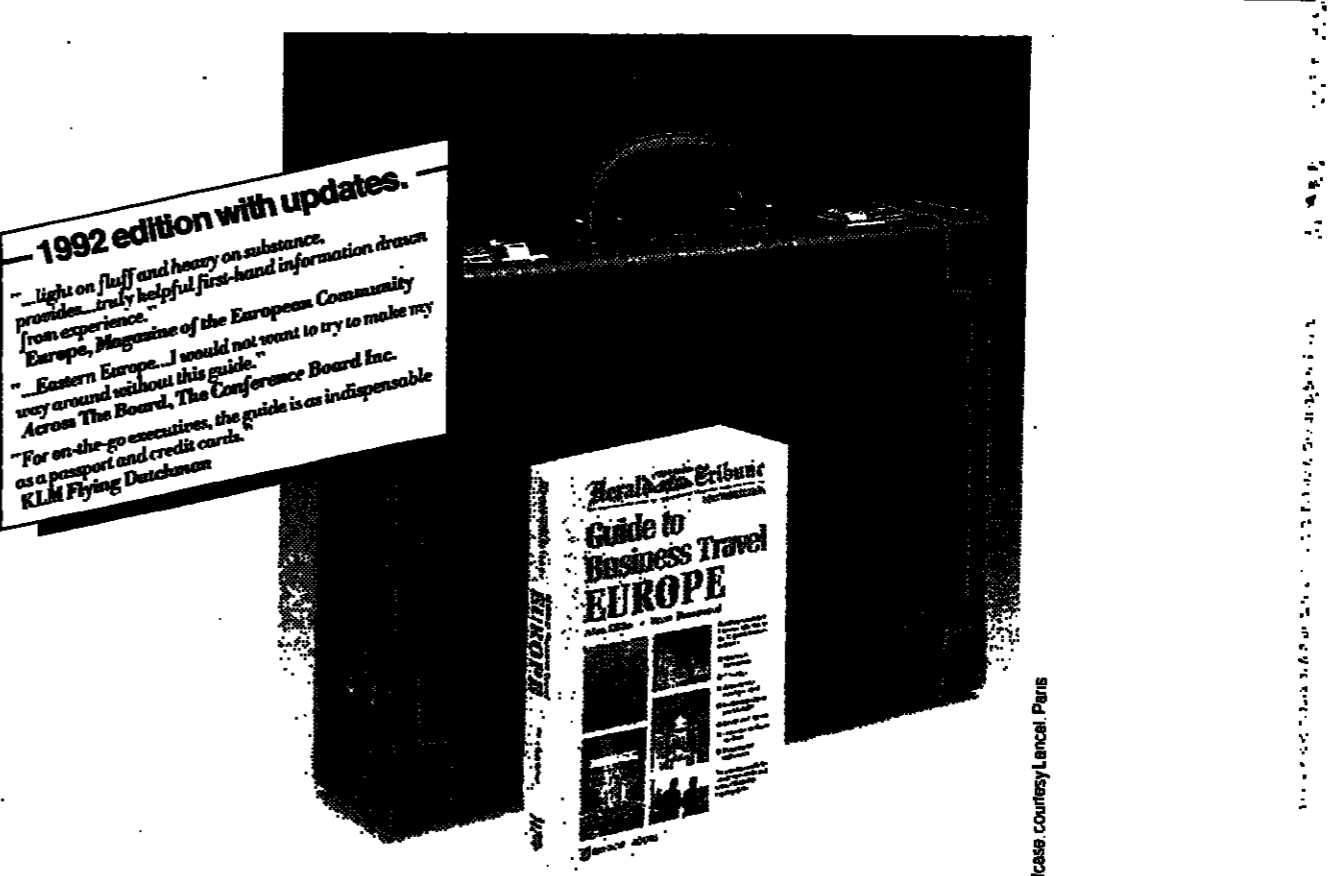
NYSE

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

Stock	Div	Yield	PE	High	Low	1/2 Day	Open	Close
IBM	3.00	4.2	15.5	115 1/4	114 3/4	115 1/4	114 3/4	115 1/4
GE	0.40	4.8	12.5	28 1/4	28 1/4	28 1/4	28 1/4	28 1/4
AT&T	0.80	4.5	14.0	20 1/4	20 1/4	20 1/4	20 1/4	20 1/4
Merck	0.50	4.0	13.0	38 1/4	38 1/4	38 1/4	38 1/4	38 1/4
Johnson & Johnson	0.60	3.8	16.0	42 1/4	42 1/4	42 1/4	42 1/4	42 1/4
Amgen	0.40	3.5	18.0	32 1/4	32 1/4	32 1/4	32 1/4	32 1/4
Boeing	0.30	3.2	20.0	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Rockwell International	0.20	3.0	22.0	20 1/4	20 1/4	20 1/4	20 1/4	20 1/4
Northrop	0.15	2.8	24.0	18 1/4	18 1/4	18 1/4	18 1/4	18 1/4
Lockheed Martin	0.10	2.6	26.0	16 1/4	16 1/4	16 1/4	16 1/4	16 1/4
Raytheon	0.08	2.4	28.0	14 1/4	14 1/4	14 1/4	14 1/4	14 1/4
Boeing	0.06	2.2	30.0	12 1/4	12 1/4	12 1/4	12 1/4	12 1/4
Northrop	0.04	2.0	32.0	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
Lockheed Martin	0.03	1.8	34.0	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4
Raytheon	0.02	1.6	36.0	6 1/4	6 1/4	6 1/4	6 1/4	6 1/4
Boeing	0.01	1.4	38.0	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4

Stock	Div	Yield	PE	High	Low	1/2 Day	Open	Close
Amgen	0.40	3.5	18.0	32 1/4	32 1/4	32 1/4	32 1/4	32 1/4
Boeing	0.30	3.2	20.0	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Rockwell International	0.20	3.0	22.0	20 1/4	20 1/4	20 1/4	20 1/4	20 1/4
Northrop	0.15	2.8	24.0	18 1/4	18 1/4	18 1/4	18 1/4	18 1/4
Lockheed Martin	0.10	2.6	26.0	16 1/4	16 1/4	16 1/4	16 1/4	16 1/4
Raytheon	0.08	2.4	28.0	14 1/4	14 1/4	14 1/4	14 1/4	14 1/4
Boeing	0.06	2.2	30.0	12 1/4	12 1/4	12 1/4	12 1/4	12 1/4
Northrop	0.04	2.0	32.0	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
Lockheed Martin	0.03	1.8	34.0	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4
Raytheon	0.02	1.6	36.0	6 1/4	6 1/4	6 1/4	6 1/4	6 1/4
Boeing	0.01	1.4	38.0	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4



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SPORTS GOLF

Frustration Ended, Kite on Upswing for PGA Championship

By Jaime Diaz
New York Times Service
ST. LOUIS, Missouri — A year ago, Tom Kite came to the PGA Championship in the throes of the most frustrating period of his career. The week brought one more indignity, as he missed the cut to fall in his final opportunity to make the U.S. Ryder Cup team.

At this week's 74th edition of the PGA Championship, which starts Thursday at the Belle River Country Club here, Kite comes at the pinnacle of a 21-year career that has this season seen him stretch out his lead as the biggest money winner in the history of golf.

And just as many wondered whether 1991 might mark the beginning of the end for Kite, it is fitting that many rate the 42-year-old Texan a favorite to win his second major title of the year — and of his career — on Sunday.

"Last year was full of disappointments," Kite said Tuesday after his first practice round. "I missed qualifying for the Masters and the Ryder Cup, but more than anything, I just didn't perform the way I always have. But I don't enjoy playing poorly. Consequently I don't do it very often."

If Kite plays well this week, he will be very dangerous. Although Belle River is one of the longest championship courses in the United States at 7,148 yards, (6,540 meters) its tight driving areas and shallow greens place more of a premium on accuracy than power.

"The strength I'm counting on is keeping it in the fairway," said Kite, who won the Open at Pebble Beach in California in June with the same approach. "Whoever wins this tournament is going to have to stay out of the rough. I don't care if you drive it 350 yards or 250 yards. When you get in this rough, you're only going to be able to go at the green one out of 10 times."

Until Pebble Beach, one of the subplots of every major championship of recent years was whether it would be the one where Kite finally came through. The question continually put Kite on the spot, but

with the burden lifted, he is noticeably relaxed before this PGA.

"It's a wonderful, wonderful feeling to be announced on the first tee as the U.S. Open champion," said Kite. "After 20 years out here and doing what I had done, it was kind of my opinion that everybody knew who I was, but people have been so much more vocal."

"I'm thinking of getting contacts so nobody knows me," joked the redheaded Texan. "Maybe a black wig."

Although recent past champions of the U.S. Open, like Curtis Strange and Payne Stewart, have said they hindered their subsequent performances with self-imposed pressure to live up to the title, Kite has continued to play well.

In four events since winning at Pebble Beach, he had two sixth-place finishes, an 11th place, and he tied for 19th at the British Open.

The \$874,216 he has won this year puts him behind only Fred Couples and Davis Love III on the money list and has pushed him over \$7 million for his career.

Faldo the Betting Favorite

British Open champ Nick Faldo of England, winner of five major titles in the last six seasons, has been made the 6-to-1 betting favorite in the PGA, with Couples next at 7-1 and Ray Floyd and Greg Norman at 9-1. The Associated Press reported from St. Louis.

"I tend to switch on more for the important ones," Faldo said after a practice round.

There were two reasons, he said, that he was among the first of the field of 151 to arrive for the last of the year's Big Four events.

First, there was the need to familiarize himself with a course he had not seen. Second, there was the need to acclimate himself to the muggy heat common in August.

On the first count, he found the course to his liking after 27 holes of practice. And, the forecast calls for relatively mild temperatures for the tournament.



Nick Faldo of England is the betting favorite to add the PGA title to his British Open championship.

Business, Not Pride or Honor, Spurs Olympic Movement Now

By William Drozdiak
Washington Post Service

BARCELONA — More than any other Olympics in history, these Games served as a glittering showcase for big business. Instead of praising parents or other inspirational role models behind their accomplishments, the athletes now regularly express gratitude and devotion to the corporate entities that pay them hefty endorsements.

The emblems of Nike or Reebok are as prominent as the national flag on many uniforms. Companies rather than national Olympic committees dictate the public appearances of athletes. The entire 900-member delegation of the former Soviet Union, attending the Games for the last time as the Unified Team, was underwritten by a \$3.5 million grant from Smirnoff and Adidas.

"They made it possible for us to be here," said Alexander Kazlovsky, vice president of the Russian Olympic Committee.

Once viewed as a grim contest between rival political systems, the Olympics began turning into a global commercial fair with the 1984 Games in Los Angeles. Instead of resorting to public funding, the Games were entirely financed by the private sector and turned a handsome profit of \$230 million.

"The world is changing and we have to adapt to it," said Juan Antonio Samaranch, the monarchical president of the International Olympic Committee. "The Games might have come to an end if we did not bring commercial sponsors into the Games because cities and countries no longer can afford to stage them alone. The taxpayers will not stand for it."

The collapse of communism in the Soviet Union and Eastern Europe over the past three years removed the dichotomy of Cold War conflict from Olympic competition. In these Games, the Soviet athletes said they had been motivated to perform well chiefly by the need to attract corporate support in order to sustain their future athletic careers.

For big business, marketing at the Olympics has become fierce competition. With more than a billion people watching the Games,

the most desirable marketing goal for many companies was to see their brand name associated with the prestige and skills of the world's finest athletes.

Country affiliation has dimmed. The ultimate high-stakes battle in these Games pitted Nike against Reebok. Nike commands the loyalties — for a generous stipend — of six members of the U.S. basketball team. For that reason, Michael Jordan and Charles Barkley, two of Nike's most highly compensated endorsers, adamantly refused to be seen in the U.S. team's Reebok

comes from sales in the United States, but in the future the foreign sector is expected to grow dramatically.

Thinking ahead, Nike is now feverishly competing to recruit the allegiance of top athletes in growing markets. It issued an occasional newsletter, titled Swoosh, on its athletes, something no national Olympic committee, aside from the USOC, did. It issued a slick magazine, named Barcelona '92, featuring its athletes.

In Africa, Nike has signed up the Kenyan runners Richard Chelimo, William Mutwol and Yobes Ondieki. Nouredine Morceli, the Algerian 1,500-meter champion, is considered a key wedge into youth-oriented North African markets.

After Chelimo finished second in the men's 10,000, then was awarded the gold medal on a judge's ruling of interference, then had that decision reversed, he met reporters to discuss it — in a news conference set up by Nike, not the IOC or the Kenyan delegation.

For Eastern Europe and the Commonwealth of Independent States, Nike has invested a huge sum in Sergei Bubka, the Ukrainian 1,500-meter holder in the pole vault whose failure to win a medal in the Olympics could diminish his marketing appeal.

Nike is also looking toward China, whose 1.2 billion people may represent the biggest untapped market for high-class sporting goods in the world. Tong Li, the 110 hurdles star, has endorsed Nike, and other top Chinese athletes may soon follow.

Reebok has countered Nike's push by signing up the U.S. Olympic team's basketball coach, Chuck Daly, the U.S. runner Suzy Hamilton and German tennis star Michael Stich.

Reebok's biggest promotional tie-in was sidetracked when Dan O'Brien — of the once ubiquitous Dan and Dave commercials in the United States — failed to qualify for the U.S. decathlon team.

And, as corporate officials acknowledge, the endorsements of gold-medal winners are no guarantee for commercial success. "It's always a gamble because you never know what will click," said Miller,

After Richard Chelimo was awarded the 10,000 meters gold medal, then had it taken away — the news conference was set up by Nike, not the IOC or the Kenyan delegation.

designed warmup suits at the medals ceremony. They were allowed to cover the Reebok logo.

"In 1984, we had triple the number of athletes today," said Steve Miller, Nike's director of sports marketing. "But now you just can't afford to have them all. So we are trying to get the athletes who are best in their events who also have the best impact for us in the global market."

When Mike Powell's hamstring troubled him before the long-jump competition, he missed a morning news conference called by Nike so he could get treatment. No problem. A call to gold-medal-winning triple jumper Mike Conley, who won his event the night before, quickly produced a substitute.

Asked how he felt about appearing on such short notice, Conley said, "When they call, I go."

Nike has grown into a \$3.5 billion-a-year business. More than two-thirds of its annual revenue

Kenyan Stars Desert Team in London

Agence France-Press

NAIROBI — The Kenya Olympic team's homecoming turned into a disaster Wednesday after 11 athletes, five of them medalists, slipped away at Heathrow airport outside London.

The athletic team's coach, John Anzrah, said the 11 sneaked out of the airport a few minutes before their connecting flight left for Nairobi.

As a result, only three medalists, William Tanui, Samuel Kitur and Paul Bitok, arrived here with the rest of the team, which had been invited to a luncheon with President Daniel arap Moi.

Rocket Kills U.S. Tourist

CASTELLDEFELS, Spain — A 21-year-old U.S. tourist has been decapitated and four friends injured when a rocket taken from a post-Olympics fireworks party exploded, the police have reported.

The identified victim was Yin Braley Wong. One of the injured, they said, was Wyatt Jones, a member of the U.S. canoeing squad. There was no word on his condition.

The youths had gone to set off the fireworks on Playa de Gava beach near Castelldefels, 13 kilometers (20 miles) from Barcelona, police said.

Gold: Easy Come, Easy Go

BARCELONA — Robert Zmelik of Czechoslovakia battled for two days to win the decathlon gold medal at the Games — then left it in a taxi, Olympic officials reported.

Fortunately, the driver of the taxi, Modesto Remedios, spotted a stray bag on the back seat after the athlete, whom he did not recognize, got out on Monday night.

He turned in the medal and Games officials traced its owner on Tuesday through the medal's serial number.

BOOKS

DRIVEN PATRIOT: The Life and Times of James Forrestal

By Townsend Hoopes and Douglas Brinkley. Illustrated. 587 pages. \$30. Alfred A. Knopf Inc., 201 East 53rd Street, New York, New York 10022.

Reviewed by Herbert Mitgang

JAMES FORRESTAL is recalled today, if at all, as the first secretary of Defense and as a tough Cold Warrior who committed suicide in 1949. The rest of the story of his life and times can be found in "Driven Patriot," a solid and sympathetic portrait of an individual who, all told, was more Gatsby than Strangelove.

To their credit, Townsend Hoopes, a member of Forrestal's staff, one-time undersecretary of the air force and author of "The Limits of Intervention," and Douglas Brinkley, an assistant professor of history at Hofstra University and the author of "Dean Acheson: The Cold War Years," interpret but do not cosmeticize Forrestal's troubled life.

"Like a character in a Theodore Dreiser tragedy, or the hero of F. Scott Fitzgerald's 'Great Gatsby,'" they write, "he seemed permanently uncertain of place: the Wall Street conservative who was uncomfortable with liberals in Washington, but who was more liberal than his Wall Street associates; the Irish rick who had thought that Princeton and Wall Street spelled the ultimate in grace,

charm, success and strength, but who came to a later awareness of the shallower aspects of the American Dream while continuing to seek diversion (as one friend said) in 'the company of men who never ceased to see the Raquet Club as a social nirvana.'"

Forrestal was among the wealthy and ambitious businessmen and lawyers who went from Wall Street to Washington to bring their organizational skills to the war effort. Power rather than money was their motive. But unlike those who had joined President Roosevelt to help pull the country out of the Depression and to work in New Deal agencies for idealistic reasons, Forrestal was driven by a different set of demons: the need to break away from his poor background, to marry into society, to become a member of the Princeton and Protestant club, to be privileged.

After the war, the authors write, Forrestal became "the godfather of the national security state." He had the vision to deal with the components of international problems — their political, military, economic and scientific elements — as parts of a related whole. But as a principal Cold Warrior in Washington, he became not just a driven patriot but a driven superpatriot as well.

The authors surmise that Forrestal's near-paranoia about a possible Soviet attack against the United States, combined with his long hours of work, contributed to his depression and mental illness.

One black mark on Forrestal's record involved the recruitment of the Organiza-

tion of Ukrainian Nationalists in a secret operation with the code name Nightingale. The Nightingale recruits were members of a political-military underground movement, fascistic in character and violently anti-Russian and anti-Semitic.

During the German invasion of Russia, the Ukrainian Nationalists were used as informers and assassins for the Nazis. Nightingale units killed thousands of Jews and families suspected of aiding Red Army partisans. After the war, Nightingale leaders were trained in the United States and parachuted back into Ukraine for sabotage and espionage purposes.

"There are no records to indicate the degree of Forrestal's knowledge of specific covert operations," the authors write, "but he vigorously supported the program that had used Nazi collaborators. And then they offer an interesting explanation of his suicide, at age 57: 'Whether this knowledge and its implications weighed on his conscience after his breakdown is speculative, but on the last night of his life, Forrestal was copying a Greek poem, 'The Chorus from Ajax'; he stopped when he had written the first syllable of the word 'nightingale.'"

"Driven Patriot" is more than the story of a major civilian operative in Washington in wartime and during the cold war. Hoopes and Brinkley also cover the most exciting period of 20th-century history through the personality of a dedicated, disturbed government servant.

Herbert Mitgang is on the staff of The New York Times.

BRIDGE

By Alan Truscott

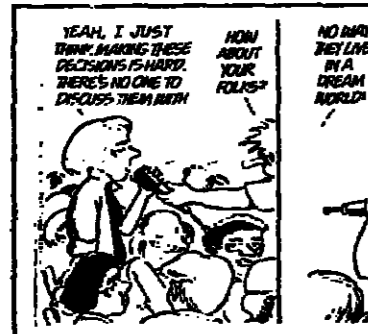
THE diagrammed deal, played at the Hillcrest in April, was reported by John Schiffeler of San Francisco, who sat East. He and his partner, Dr. Alex Roger, accurately bid to five hearts, which would have provided them with a vulnerable game. But Burns as South accurately saved in six diamonds, correctly judging that he could defeat six hearts but not five. His partner, Jim Solton, had helped him make this decision by bidding three diamonds with a virtual Yarborough, a good move with a save in mind.

Six diamonds doubled was the par result on the deal. The opening heart lead was ruffed and the diamond ace was cashed. Burns had mixed feelings when the king did not fall: if it had done so he would have saved a trick, but his save would have then been a phantom. He surrendered a trick to the trump king, ruffed the heart return and crossed to the diamond ten. He then led toward the club king, and East's two black aces meant a two-trick defeat. But 300 was a small price to pay to deprive East-West of a vulnerable game.

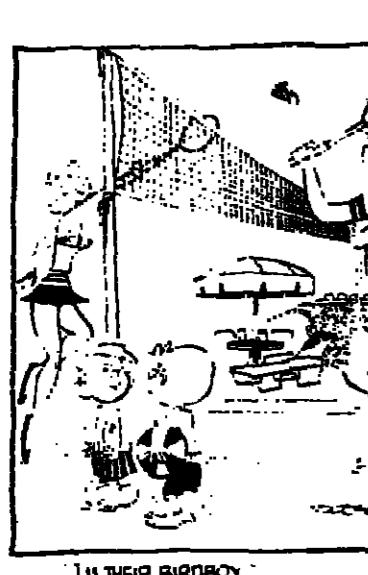
NORTH (D)		EAST	
♠ 3 4 3 2	♥ A 6	♠ A 6	♥ A Q 10 7 8 2
♦ J 8	♣ K 5 4 3	♦ K 7	♣ A Q 7 6 5
♠ 10 8 4 3	♥ J 5 4	♠ K 9 2	♥ A Q J 9 6 5 2
♦ J 5 4	♣ K 7 5 4	♦ A 6	♣ K 9 2

East and West were vulnerable. The bidding: North Pass 1♥ East 2♥ South 2♦ West 3♦

DOONESBURY



DENNIS THE MENACE



JUMBLE THAT SCRAMBLED WORD GAME
By Helen Arnold and Bob Lee

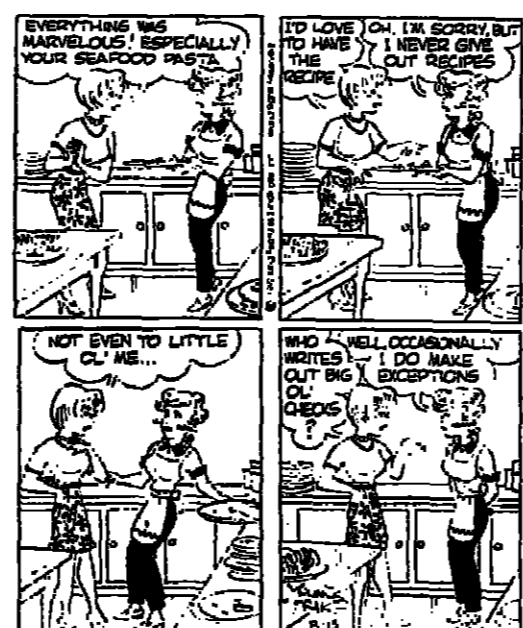
Unscramble these four jumbles, one letter to each square to form four ordinary words.

FROYE
WROBE
ARGETT
RETULB

Now arrange the unscrambled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: A _____

BLONDIE



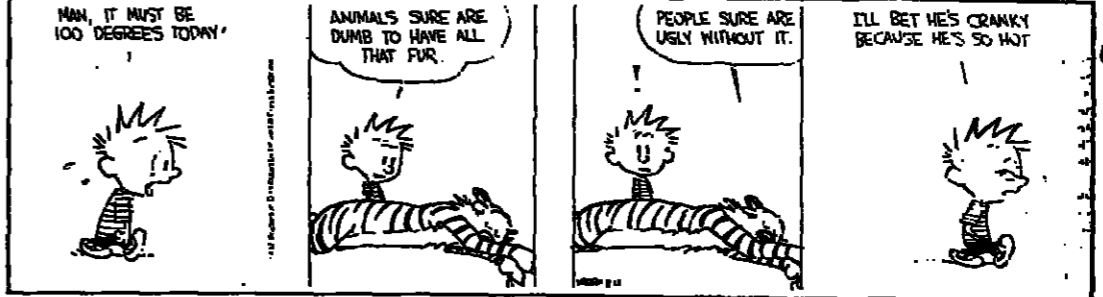
PEANUTS



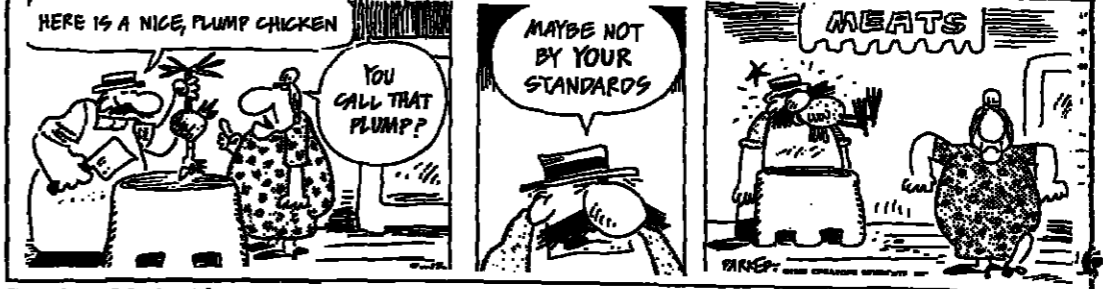
BEEBLE BAILEY



CALVIN AND HOBBES



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GARFIELD



